UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
FORTUNA ENTERTAINMENT GROUP N.V.

For the six months ended 30 June 2010

CONTENT

To: The shareholders of Fortuna Entertainment Group N.V.

Review report

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements for the six months period ended 30 June 2010 of Fortuna Entertainment Group N.V., Amsterdam, which comprise the interim consolidated statement of financial position as at 30 June 2010, the interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of cash flows and interim consolidated statement of changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 30 June 2010 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 19 August 2010

Ernst & Young Accountants LLP

Signed by S.D.J. Overbeek - Goeseije

FORTUNA ENTERTAINMENT GROUP N.V.

Interim consolidated statement of financial position as at 30 June 2010

	Notes	30 June 2010 Unaudited € 000	31 December 2009 Audited € 000
ASSETS			
Non-current assets			
Goodwill		49,545	50,426
Intangible assets		7,602	7,272
Property, plant and equipment	11	4,662	5,567
Deferred tax assets		325	776
Related party loans	12	-	28,257
Restricted cash		3,678	3,584
Other non-current assets	13	1,556	546
Total Non - Current Assets		**67,368**	**96,428**
Current assets			
Current receivables		1,588	802
Income tax receivable		121	202
Other current assets		870	953
Bank deposits		-	755
Cash and cash equivalents	14	16,145	21,566
Total current assets		**18,724**	**24,278**
TOTAL ASSETS		**86,092**	**120,706**
EQUITY AND LIABILITIES			
Share capital		45	45
Share premium	15	20,501	21,779
Statutory reserve		4,177	2,144
Net assets attributable to combined entities' shareholder		-	16,611
Foreign currency translation reserve		678	324
Retained earnings		9,250	(420)
Total Equity		**34,651**	**40,483**
Non-current liabilities			
Provisions		86	438
Long-term bank loans		24,726	18,848
Related party loans		-	7,550
Other non-current liabilities	16	105	2,578
Total non-current liabilities		**24,917**	**29,414**
Current liabilities			
Trade and other payables	17	11,407	27,507
Income tax payable		151	408
Provisions		1	94
Related party loans		-	617
Current portion of long-term bank loans		12,712	20,681
Derivatives	18	1,337	746
Other current liabilities		916	756
Total current liabilities		**26,524**	**50,809**
EQUITY AND LIABILITIES		**86,092**	**120,706**

Interim consolidated statement of income for the six months ended 30 June 2010

	Notes	30 June 2010 Unaudited € 000	30 June 2009 Unaudited € 000
Amounts staked		191,558	171,022
Revenue		**39,341**	**35,902**
Governmental taxes and levies		(3,340)	(3,383)
Personnel Expenses		(13,063)	(11,895)
Depreciation and amortisation		(1,285)	(987)
Other operating income		451	400
Other operating expenses	19	(11,779)	(10,544)
Operating profit		**10,325**	**9,493**
Finance income		1,090	1,125
Finance cost		(2,857)	(2,193)
Profit before tax from continuing operations		**8,558**	**8,425**
Income tax expense	9	(1,323)	(1,082)
Net profit for the period from continuing operations		**7,235**	**7,343**
Discontinued operations			
Loss after tax for the period from discontinued operations	10	(1,286)	(2,859)
Profit on disposal of discontinued operations	10	4,171	-
Net profit for the period		**10,120**	**4,484**

Earnings per share	**2010**	**2009**
Weighted average number of ordinary shares for basic earnings per share	4,500	4,500
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent	2.25	1.00
Basic and diluted for continuing operations, profit for the period attributable to ordinary equity holders of the parent	1.61	1.63

Interim consolidated statement of comprehensive income for the six months ended 30 June 2010

	Notes	30 June 2010 Unaudited € 000	30 June 2009 Unaudited € 000
Profit for the period		**10,120**	**4,484**
Net loss on revaluation of cash flow hedges		(389)	-
Income tax		75	-
		(314)	-
Exchange differences on translation of foreign operations		354	1,073
Other comprehensive income for the period, net of tax		**40**	**1,073**
Total comprehensive income for the period, net of tax		**10,160**	**5,557**

Interim consolidated statement of cash flows for the six months ended 30 June 2010

	Notes	30 June 2010 Unaudited € 000	30 June 2009 Unaudited € 000
Cash flows from operating activities			
Profit before tax from continuing operations		8,558	8,425
Loss before tax from discontinued operations	10	(1,301)	(2,859)
Profit before tax		7,257	5,566
Adjustments for:			
Depreciation and amortisation		1,285	987
Changes in provisions		94	(477)
(Gain) / Loss on disposal of property, plant and equipment		(3)	8
Interest expense, net		989	882
Change in fair value of derivatives		190	-
Operating profit before working capital changes		9,812	6,966
(Increase) / Decrease in other current assets		(126)	(611)
(Increase) / Decrease in receivables		(804)	1,335
(Decrease) / Increase in payables and other liabilities		(17,908)	(987)
(Increase) / Decrease in restricted cash		(9)	(373)
Cash generated from operating activities		(9,035)	6,330
Corporate income tax paid		(1,495)	(2,961)
Net cash flows provided by / (used in) operating activities		**(10,530)**	**3,369**
Cash flows from investing activities			
Interest received		483	1,122
Related party loans receivable (granted)/repaid		28,257	(1,805)
Acquisition of a subsidiary, net of cash acquired		(233)	-
Derecognition / (Acquisition) of other financial assets		893	1,112
Repayment of liabilities for purchase of subsidiary		-	(9,109)
Purchase of buildings, equipment and intangible assets		(1,424)	(2,333)
Net outflow from sale of a subsidiary, net of cash disposed		(1,770)	-
Proceeds from sale of buildings and equipment		9	-
Net cash flows provided by / (used in) investing activities		**26,215**	**(11,013)**
Cash flows from financing activities:			
Net proceeds from / (Repayments of) long term borrowings		5,879	876
Net proceeds from / (Repayments of) short-term borrowings		(8,262)	(1,880)
Related party loans received / (repaid)		286	5,515
Cash contribution by shareholder to acquire subsidiary companies		81,876	-
Payment to acquire subsidiary companies	15	(78,868)	-
Return of capital		(19,000)	-
Incurred transaction costs capitalized		(926)	-
Dividends paid		-	(410)
Interest paid		(1,472)	(2,004)
Net cash flows provided by / (used in) financing activities		**(20,487)**	**2,097**
Net effect of currency translation in cash		(619)	613
Net decrease in cash and cash equivalents		(5,421)	(4,934)
Cash and cash equivalents at the beginning of the period		21,566	17,804
Cash and Cash Equivalents at the end of the period		**16,145**	**12,870**

Interim consolidated statement of changes in equity for the six months ended 30 June 2010

	Share capital € 000	Share premium € 000	Net assets attributable to combined entities' shareholder € 000	Statutory reserves € 000	Retained earnings € 000	Foreign exchange translation reserve € 000	Total € 000
1 January 2010	45	21,779	16,611	2,144	(420)	324	40,483
Profit for the period	-	-	-	-	10,120	-	10,120
Other comprehensive income	-	-	-	-	(314)	354	40
Total comprehensive income	**-**	**-**	-	**-**	**9,806**	**354**	**10,160**
Capital paid in and funding for acquisitions (note 14)	-	81,884	-	-	-	-	81,884
Return of capital to shareholder (note 15)	-	(19,000)	-	-	-	-	(19,000)
Acquisition of Fortuna SK, a.s., Fortuna Real, s.r.o. and Fortuna Zakłady Bukmakerskie Sp. Z o.o. accounted for using pooling of interest method (note 15)	-	(64,162)	(16,611)	2,033	(136)	-	(78,876)
30 June 2010 (unaudited)	**45**	**20,501**	**-**	**4,177**	**9,250**	**678**	**34,651**

Interim consolidated statement of changes in equity for the six months ended 30 June 2009

Unaudited	Share capital	Share premium	Net assets attributable to combined entities' shareholder	Statutory reserves	Retained earnings	Foreign exchange translation reserve	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
1 January 2009	**-**	**-**	**28,167**	**-**	**-**	**(59)**	**28,108**
Profit for the period	-	-	4,484	-	-	-	4,484
Other comprehensive income	-	-	-	-	-	1,073	1,073
Total comprehensive income	**-**	**-**	**4,484**	**-**	**-**	**1,073**	**5,557**
Allocation of profit	-	-	-	-	-	-	-
Dividend paid to the combined entities' shareholder	-	-	(410)	-	-	-	(410)
30 June 2009	**-**	**-**	**32,241**	**-**	**-**	**1,014**	**33,255**

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of FORTUNA Entertainment Group N.V. ("FEGNV", "Fortuna Group", or "the Group") for the six months ended 30 June 2010 were authorized for issue in accordance with a resolution of the directors on 19 August 2010.

FEGNV has its registered office at Strawinskylaan 1223, Amsterdam, the Netherlands. The parent company of FEGNV is Penta Investments Limited ("Penta") having its registered office at Agias Fylaxeos & Polygnostou, 212, C&I Center, 2nd floor, 3803 Limassol, Cyprus.

Description of business

Fortuna Entertainment Group N.V. operates in the betting industry under local licences in the Czech Republic, Slovakia, Poland and Croatia. 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 which included 1,329 shops in total in June 2010, and via online web sites in the Czech Republic and Slovakia.

In the first months of 2010 FEGNV established subsidiaries in Malta and received provisional licences enabling it to provide online betting and gaming services across Europe.

In addition, in the first months of 2010 the Croatian entities were disposed of. For details, reference is made to note 10.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with IFRS and in particular in accordance with IAS 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fortuna Group's combined financial statements as at 31 December 2009.

2.1. Basis of combination

As of June 30, 2010 FEGNV is the legal parent of existing legal entities operating in the betting industry, which are ultimately owned by Penta, except for Fortuna Sportska Kladionica d.o.o., which was sold to Equinox Investments B.V. on 26 March 2010. For details on this transaction, reference is made to note 10.

The purpose of setting up FEGNV was to transfer all subsidiaries of Penta forming the betting business to Fortuna Entertainment Group N.V. with the intention of an initial public offering of Fortuna Entertainment Group N.V.'s shares on the main market of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange, "WSE") and Burza cenných papírů Praha, a.s (the Prague Stock Exchange, "PSE") in 2010. The restructuring was completed on 12 May 2010, due to certain regulatory approvals being required to transfer Fortuna Zakłady Bukmakerskie Sp. z o.o.

Transactions that occur between entities under common control are commonly referred to as 'common control transactions'. IFRS 3 Business Combinations (revised 2008) specifically scopes out common control transactions and is therefore not prescriptive as to what method should be used in business combinations between entities under common control. Accordingly, an entity may choose the pooling of interest or purchase method in accounting for business combinations involving entities under common control.

FEGNV selected the accounting policy under which the legal restructuring is accounted for using the pooling of interest method. The pooling of interest method consists in aggregating individual items of assets and liabilities and revenues and costs of the combining entities, after bringing their values to uniform measurement methods and after making appropriate eliminations. All intra-group balances and transactions are also excluded.

The comparatives reflect the combination of entities as if the acquisitions had occurred from the beginning of the earliest period presented in the financial statements, except for entities externally acquired by the controlling shareholder during one of the periods presented. These entities form part of the interim condensed consolidated financial statements as of the date they were under common control, and are accounted for using the purchase method and continue to be considered until the date control ceases to exist.

The interim condensed consolidated financial statements comprise the financial statements of FEGNV and its subsidiaries as at 30 June, 2010 and include the following entities:

FORTUNA Entertainment Group NV
Riverhill, a.s.
Alicela, a.s.
Fortuna sázková kancelář a.s.
Fortuna Game a.s.
Fortuna Rent s.r.o.
Fortuna sázky a.s.
Fortuna software s.r.o.
Ibet, s.r.o.
Fortuna Sportska Kladionica d.o.o. – disposed in March 2010
FortunaWin Ltd
FortunaWin Gaming Ltd.
Fortuna SK, a.s.
Fortuna Real, s.r.o.
Fortuna zaklady bukmacherskie Sp, z.o.o.

All entities are 100% owned by FEGNV, either directly or indirectly, except for Fortuna Sportska Kladionica d.o.o. which was 90% owned by FEGNV.

In these interim condensed consolidated financial statements, any common control business combinations are accounted for as described above.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Fortuna Group's combined financial statements for the year ended 31 December 2009, except for the adoption of new Standards and Interpretations as of 1 January 2010, noted below:

The Fortuna Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010:

- IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Arrangements, effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended), effective 1 July 2009
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items, effective 1 July 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective 1 July 2009
- IFRIC 17 Distributions on Non-cash Assets to Owners, effective 1 November 2009
- Improvements to IFRSs (April 2009), effective 1 January 2010

The impact of the adoption of the standard or interpretation on the interim condensed consolidated financial statements or the performance of the Fortuna Group is described below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Arrangements
The amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. The Fortuna Group has concluded that the amendment will have no impact on the financial position or the performance of the Fortuna Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

Fortuna Group applies the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.
IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.
The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.
The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Fortuna Group has concluded that the amendment will have no impact on the financial position or the performance of the Fortuna Group, as the Fortuna Group has not entered into any such hedges.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation
IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The adoption of this interpretation will have no impact on the financial position or the performance of the Fortuna Group.

IFRIC 17 Distributions on Non-cash Assets to Owners
The Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The Fortuna Group does not expect IFRC 17 to have an impact on the consolidated financial statements as the Fortuna Group has not made non-cash distributions to shareholders in the past.

Improvements to IFRSs
In April 2009, the IASB issued a second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. These changes did not have any impact on the accounting policies, financial position or performance of Fortuna Group.

The following new standards issued by the IASB will be binding next year or later:

- Amendments to IAS 32 *Financial instruments: presentation: Classification of Rights Issues* – effective for financial years beginning on or after 1 February 2010,
- IAS 24 *Related Party Disclosures* (revised in November 2009) – effective for financial years beginning on or after 1 February 2010,
- IFRS 9 *Financial Instruments* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,

- Amendments to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* – effective for financial years beginning on or after 1 January 2011,
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for financial years beginning on or after 1 July 2010,
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* – effective for financial years beginning on or after 1 July 2010,
- *Improvements to IFRSs* (issued in May 2010) – some improvements are effective for annual periods beginning on or after 1 July 2010, the rest is effective for annual periods beginning on or after 1 January 2011 - not endorsed by EU till the date of approval of these financial statements.

4. INFORMATION ABOUT PRODUCTS AND SERVICES

The Group's results of operations are affected by the schedule of sporting events on which the group accepts bets. The football tournaments in Europe and around the world that contribute significantly to the group's revenue and gross win from betting are reflected in the financial results in the spring and autumn months. Therefore, the group has traditionally recorded higher amounts staked in the spring and autumn months although this has been to some extent balanced by the on-line betting that is less exposed to seasonality.

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

The Group revenues are subject to the short-term volatility of profitability which may lead to either excess or insufficient revenue margins. The half year results may be seen as relatively short term. Comparison of the results over a longer period of time provides more precise information about the performance of the business.

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

In the Czech Republic the amount staked grew from € 83,603 thousand to € 100,453 thousand, as of 30 June 2009 and 2010, respectively, which represents a growth of 20%. The increase is mainly due to increased popularity of Fortuna products; especially Live betting and strong growth of online channel in both the Czech Republic and Slovakia. The Polish entity recorded a slight decline in amounts staked to € 29,689 thousand as of June 30, 2010, which represents a 4% slowdown compared to the same period last year. The cause of the decline is due to the cease of sale of numerical games that terminated during June 2009 which was partly compensated by the positive translation effect of Polish zloty into EUR.

Total volume of commissions declined from € 10,753 thousand to € 10,313 thousand, as of 30 June 2009 and 2010, respectively, as a result of larger volume of products offered without commission, primarily live betting and profi bets, as well as growing use of on-line bets with lower percentage of commissions.

Gross wins from betting (see note 7) during the six months ended June 30, 2010 surpassed the results for the same period in 2009 by € 4,249 thousand. The growth in gross win was recorded in all countries: Czech republic 5,6 %, Slovakia 13 %, and Poland 17 %. After one month of operation, the Maltese entities achieved a gross win of € 11 thousand.

The growth of gross win was driven by online distribution, where the Group showed growth of 50%. The retail distribution channel remained consistent with prior year levels, showing slight growth of 2%. The strongest growth of the online channel was seen in the Czech Republic entity which was offset by a decline of 6% in the retail channel. Operations in Slovakia showed growth in both channels of €285 thousand in retail and €1,418 thousand in online betting. Online betting in the Czech Republic and Slovakia moves the industry to products with lower profitability but higher amounts staked.

Revenue is presented net of withholding taxes, for which the Fortuna Group is taxed in Slovakia and Poland. Overall the withholding taxes increased as a result of the higher amounts that were staked during the six months ended 30 June, 2010 compared to the same period last year. Additionally, there was an increase in the percentage of withholding tax in Poland, which changed effectively 1 January 2010 from 10% to 12%.

In the Czech Republic, the Fortuna Group is obliged to pay for publicly beneficial purposes, which is recognised in “Governmental taxes and levies”. Governmental taxes and levies decreased as a result of a lower compound tax rate on Czech operating companies.

Gross profit from betting (see note 7) for the 6 months ended 30 June 2010 increased to € 35,526, a growth of 11% from the prior year comparative period, as a result of increased amounts staked in the group by 12%. The gross profit by entities changed as follows: Czech Republic increased from € 16,465 thousand to € 17,618 thousand (7%), Slovakia from € 10,157 thousand to € 11,620 thousand (14%), and Poland from € 5,336 thousand to € 6,277 thousand (18%). Gross profit margin (gross profit as a percentage of total amounts staked) remained stable at 19%. The decrease in gross profit margin in the Czech Republic, from 20% in the first half year of 2009 to 18% in the first half year of 2010, is due to an increase in amounts staked in the online betting channel, since the online betting channel shows a lower profitability than the retail betting channel. The increase in the gross profit margin in Poland is mainly due to the fact that the Group lowered the odds, to keep up with the increase in the percentage of withholding tax in Poland.

5. COMMENTS TO STATEMENT OF INCOME

Revenues recorded increased from € 35,902 thousand as at June 30, 2009 to € 39,341 thousand as at 30 June, 2010, which represents an increase of 9,6%. Revenues were positively affected by increased popularity of live betting products and strong increase of online betting in the Czech Republic and Slovakia. The FIFA World Cup also had positive impact on revenue. Personnel expenses increased from € 11,895 thousand as at June 30, 2009 to € 13,063 thousand as at 30 June, 2010. The main growth factors in payroll expenses during the six months ended 30 June, 2010 are connected with an expanded retail network, enlarged management on the holding level, launch of Maltese operations and developers of internal software as a result of the acquisition of Navi pro s.r.o., which was subsequently renamed to Fortuna software s.r.o. Depreciation and amortisation increased by € 298 thousand compared to the same period last year, as a result of higher investments into IT equipment of retail network in past year.

Other operating expenses increased from € 10,544 thousand as at 30 June, 2009 to € 11,779 thousand as at 30 June, 2010 resulting in a growth of 12%. The growth was driven by the launch of the Maltese operations and increased marketing expenses associated with the FIFA World Cup.

Finance income consists of interest earned on related party loans and interest income from bank balances. Finance expenses increased by € 699 thousand as a result of the debt refinancing which took place during first half of 2010. Additional costs are attributable to interest rate hedging of PRIBOR, where interest rate SWAP was recognised as ineffective.

Income tax expense went up from € 1,082 thousand to € 1,323 thousand. The increase is due to higher taxable income in Slovakia and Poland.

6. BUSINESS COMBINATION

On 19 March 2010 FEGNV acquired all of the shares in Navi Pro s.r.o. ("Navi Pro") subsequently renamed to Fortuna software s.r.o. The interest was acquired from three individual shareholders all of them having equal ownership portions.

The total purchase price was CZK 12 million (€ 453 thousands), out of which CZK 6 million (€ 226 thousands) being paid in equal portions to the sellers upon signature of the share purchase agreement and the remainder of CZK 6 million being paid to the sellers in 25 monthly instalments of CZK 80 thousand (€ 3 thousands) starting March 2010.
Navi Pro s.r.o. is a betting software developer which has served FEGNV subsidiaries over the past five years and was the sole key supplier of this software.

At the acquisition date, total assets of the Navi Pro amounted to CZK 665 thousand (€ 26 thousand) and were largely represented by trade receivables from Fortuna Group. Other important intangible assets acquired through the acquisition were all the supporting IT and Software data for the future development and upgrade of the betting software.

At the acquisition date the carrying amounts and fair value of the separately identifiable assets and liabilities of Navi Pro and goodwill on acquisition are preliminary and may be adjusted as a result of obtaining expert valuations for intangible assets. The provisional fair value of the identifiable assets and liabilities were as follows:

	Carrying amount € 000	**Fair value € 000**
Property, plant and equipment	2	2
Current receivables	30	30
Receivables from the group	(24)	(24)
Cash and cash equivalents	12	12
Income tax receivable	3	3
Trade and other payables	(21)	(21)
Net identifiable assets and liabilities	**2**	**2**
Share of net assets acquired		100%
Goodwill		427
Purchase consideration		**429**
Net cash outflow arising on acquisition:		
Receivables from the group		(24)
Total purchase consideration		(429)
Cash consideration paid		(453)
Cash and cash equivalents acquired		12
Net cash outflow		**(441)**

7. OPERATING SEGMENT INFORMATION

Identification of reportable segments

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

Czech Republic
Slovakia
Poland
Other countries

The Croatia segment was disposed of in March 2010 and has also been reclassified in the comparative disclosures and is included in the column Discontinued operations. Detailed information regarding this discontinued operation is included in note 10.

The parent company, FEGNV, does not report any significant results, assets and liabilities other than its interest in subsidiaries and equity and therefore does not qualifie as a separate operating segment. The information of FEGNV and other immaterial locations is included in the adjustments and eliminations 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 interim condensed 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.

The following tables present revenue and profit information regarding Fortuna Group's operating segments for the six months ended 30 June 2010 and 2009 respectively.

Six months ended 30 June 2010 (unaudited)	**Czech Republic € 000**	**Slovakia € 000**	**Poland € 000**	**Other countries € 000**	**TOTAL Continuing operations € 000**	**Discontinued Operations €000**
Revenue	21,149	11,708	6,473	11	**39,341**	1,423
Taxation of earnings from betting	(3,340)	-	-	-	**(3,340)**	-
Depreciation and amortisation	(602)	(320)	(340)	(23)	**(1,285)**	(135)
Segment result	4,681	5,343	328	(27)	**10,325**	(1,054)
Capital expenditure	(692)	(171)	(273)	(441)	**(1,577)**	(60)
Non-current assets	9,456	898	1,490	420	**12,264**	-
Operating segment assets	22,523	7,636	3,961	2,426	**36,546**	**-**
Operating segment liabilities	7,342	2,628	2,169	527	**12,666**	**-**

Six months ended 30 June 2009 (unaudited)	**Czech Republic € 000**	**Slovakia € 000**	**Poland € 000**	**Other countries € 000**	**TOTAL Continuing operations € 000**	**Discontinued operations € 000**
Revenue	20,066	10,296	5,540	-	**35,902**	1,964
Taxation of earnings from betting	(3,383)	-	-	-	**(3,383)**	-
Depreciation and amortisation	(471)	(366)	(150)	-	**(987)**	(214)
Segment result	5,021	3,674	798	-	**9,493**	(2,770)
Capital expenditure	(708)	(834)	(359)	-	**(1,901)**	(429)
31 December 2009						
Non-current assets	9,073	1,049	1,577	-	**11,699**	1,140
Operating segment assets	25,018	10,054	3,432	-	**38,504**	3,250
Operating segment liabilities	24,448	2,934	1,909	-	**29,291**	2,091

Segment results for each operating segment excludes net finance costs of €1,767 thousand and € 1,068 thousand for the 6 months ended 30 June 2010 and 2009, profit on disposal of subsidiaries of € 4,171 thousand and € 0 thousand for the 6 months ended 30 June 2010 and 2009, and income tax expense of € 1,323 thousand and € 922 thousand for the 6 months ended 30 June 2010 and 2009.

Segment assets excludes loans to related parties of € 0 thousand and € 28,257 thousand for the period ended 30 June 2010 and 31 December 2009, respectively, and goodwill of € 49,545 thousand and € 50,426 thousand for the period ended 30 June 2010 and 31 December 2009, respectively, as these assets are managed on a group basis.

Segment liabilities excludes bank loans of € 37,438 thousand and € 39,529 thousand for the periods ended 30 June 2010 and 31 December 2009, respectively, related party loans of € 0 thousand and € 8,167 thousand for the periods ended 30 June 2010 and 31 December 2009, respectively, and derivatives of € 1,337 thousand and € 746 thousand for the periods ended 30 June 2010 and 31 December 2009, respectively, as these liabilities are managed on a group basis.

Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.

In connection with this, non-current assets consist of property, plant and equipment and intangible assets.

Information about product 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 comprises the total amount staked by customers on betting activities.

Period ended 30 June 2010 (unaudited)	Czech Republic	Slovakia	Poland	Malta	TOTAL
	€ 000	€ 000	€ 000	€ 000	€ 000
Total amounts staked:	100,453	61,341	29,689	75	**191,558**
-of which: Bets	95,788	58,761	26,621	75	**181,245**
-of which: Commissions	4,665	2,580	3,068	-	**10,313**
Paid out prizes	(79,495)	(46,787)	(19,840)	(64)	**(146,186)**
Gross win from betting	20,958	14,554	9,849	11	**45,372**
-of which: online betting	5,810	4,638	-	11	**10,459**
-of which: retail betting	15,148	9,916	9,849	-	**34,913**
Withholding tax paid	-	(2,934)	(3,572)	-	**(6,506)**
Other revenues	191	88	196	-	**475**
Revenue	**21,149**	**11,708**	**6,473**	**11**	**39,341**
Taxation of earnings from betting	(3,340)	-	-		**(3,340)**
Gross profit from betting	17,618	11,620	6,277	11	**35,526**
-of which: online betting	5,001	3,568	-	11	**8,580**
-of which: retail betting	12,617	8,052	6,277	-	**26,946**
Gross profit margin – betting (%)	18%	19%	21%	15%	**19%**

Period ended 30 June 2009 (unaudited)	Czech Republic	Slovakia	Poland	TOTAL
	€ 000	€ 000	€ 000	€ 000
Total amounts staked:	83,603	56,504	30,915	**171,022**
-of which: Bets	78,635	53,807	27,827	**160,269**
-of which: Commissions	4,968	2,697	3,088	**10,753**
Paid out prizes	(63,755)	(43,653)	(22,491)	**(129,899)**
Gross win from betting	19,848	12,851	8,424	**41,123**
-of which: online betting	3,744	3,220	-	**6,964**
-of which: retail betting	16,104	9,631	8,424	**34,159**
Withholding tax paid	-	(2,694)	(3,088)	**(5,782)**
Other revenues	218	139	204	**561**
Revenue	**20,066**	**10,296**	**5,540**	**35,902**
Taxation of earnings from betting	(3,383)	-	-	**(3,383)**
Gross profit from betting	16,465	10,157	5,336	**31,958**
-of which: online betting	2,994	2,393	-	**5,387**
-of which: retail betting	13,471	7,764	5,336	**26,571**
Gross profit margin – betting (%)	20%	18%	17%	**19%**

8. IMPAIRMENTS

Goodwill and intangible assets
Goodwill and intangible assets with indefinite lives are tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Fortuna Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the combined financial statements for the year ended 31 December 2009.

The Group considers there are no indications for a potential impairment of goodwill and intangible assets with indefinite lives as at 30 June 2010.

9. INCOME TAX

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

	30 June 2010 (unaudited) € 000	30 June 2009 (unaudited) € 000
Current income tax:		
Current income tax charge	1,256	1,082
Deferred tax:		
Relating to origination and reversal of temporary differences	67	-
Income tax expense reported in the statement of income	**1,323**	**1,082**

The effective income tax rate increased from 13% to 15% for the period ended 30 June 2009 and 30 June 2010 respectively. This increase is a result of the increased share of profit generated in Slovakia and Poland, where the profit is subject to 19% income tax.

10. DISCONTINUED OPERATION

On 18 March 2010, management decided to dispose of Fortuna Sportska Kladionica d.o.o. ("the Croatian subsidiary") to protect shareholders against the losses of the Croatian operations. On 26 March 2010, the Group completed the sale of its share in the Croatian subsidiary to Equinox Investment B.V. (related party) for € 1 in cash, resulting in a pre-tax gain of € 4,171 thousand.

The results for Croatia are as follows:

	30 June 2010 (unaudited) € 000	30 June 2009 (unaudited) € 000
Amounts staked	11,507	22,612
Revenue	**1,423**	**1,964**
Operating expenses	(2,477)	(4,734)
Finance cost	(247)	(89)
Loss before tax from discontinued operation	(1,301)	(2,859)
Attributable tax expense	15	-
Loss after tax for the period from a discontinued operation	**(1,286)**	**(2,859)**

Cash outflow on sale:	
Consideration received	-
Net cash disposed of with the discontinued operation	1,770
Net cash outflow	1,770

The net cash flows incurred by 30 June 2010 are as follows:

	30 June 2010 (unaudited) € 000	30 June 2009 (unaudited) € 000
Operating	(1,050)	(1,740)
Investing	708	(510)
Financing	1,640	3,330
Net cash inflow / (outflow)	**1,298**	**1,080**

Loss per share:		
Basic, from discontinued operations	(0.285)	(0.635)
Diluted, from discontinued operations	(0.285)	(0.635)

Management decided to dispose of the Croatian subsidiary in March 2010. As such it was not reflected as discontinued operations in the combined financial statements for the year ended 2009. The comparative figures in the interim condensed consolidated financial statements have been represented in this respect.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Fortuna Group acquired assets with a cost of € 1,577 thousand (30 June 2009: € 1,901 thousand).

12. RELATED PARTY LOANS

During the six months ended 30 June 2010, Fortuna Group's loan to its parent entity, Penta Investments Limited, was repaid to the Fortuna Group in the amount of € 28,257 thousand which was originally due in 2014.

Furthermore, the Fortuna Group's loan of € 7,550 thousand, which was due in 2013, was repaid to its parent entity during the 6 months ended 30 June 2010. Fortuna Group also repaid short term loan amounted to € 617 thousand to Equinox Investment B.V.

13. OTHER NON-CURRENT ASSETS

During the six months period ended 30 June, 2010, Fortuna incurred various legal and audit costs which are directly related to the initial public offering of FEGNV's shares on the Warsaw and Prague stock exchange. These costs, with a total amount of € 926 thousand, are capitalized as 'other non-current assets' as of 30 June, 2010 and will be deducted from equity at the time the listing is executed.

14. CASH AND CASH EQUIVALENTS

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2010 (unaudited) € 000	31 December 2009 (audited) € 000
Cash at bank	13,631	19,512
Short-term deposits	-	10
Cash in hand and in transit	2,514	2,044
Cash and cash equivalents	**16,145**	**21,566**

15. SHARE PREMIUM

During the six months ended 30 June 2010 FEGNV's shareholder contributed cash in the amount of € 81,884 thousand of which € 70,008 thousand was used to fund the acquisition of the Slovak entity and € 8,868 thousand to fund the acquisition of the Polish entity. As FEGNV applies the pooling of interest method, the purchase price related to these acquisitions is deducted from equity.

Resulting from the resolution of the shareholder on 29 April, 2010, excess capital contribution of € 19,000 thousand was returned to the shareholder during the 6 months ended 30 June, 2010.

16. OTHER NON-CURRENT LIABILITIES

During the six months ended 30 June 2010, the loan, originally due in 2013 of €2,578 thousand, was repaid to the former shareholder of Fortuna sázková kancelář a.s.

17. TRADE AND OTHER PAYABLES

During the six months ended 30 June 2010 the liability representing the unpaid portion of the purchase price in relation to the acquisition of the Company Fortuna sázková kancelář a.s. of €14,072 thousand was fully paid.

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivatives

As of 30 June 2010, Fortuna Group held interest rate swaps with a notional amount of € 36,142 thousand. These hedges fix the 3-month PRIBOR/EURIBOR variable interest rates of the bank loans.

Interest rate swaps	30 June 2010 € 000 Liabilities	31 December 2009 € 000 Liabilities
Cash flow hedges	(1,337)	(746)
Total cash flow hedges	**(1,337)**	**(746)**

Part of the cash flow hedges, which was designated in CZK, was assessed to be ineffective. The change in fair value of the interest rate swap of EUR 190 thousand is recognised in finance costs of the Fortuna Group.

Fair value hierarchy

As at 30 June 2010, Fortuna Group had derivative contracts measured at fair value of EUR 1,337 thousand.

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 — Quoted market prices

Level 2 — Valuation techniques (market observable)

Level 3 — Valuation techniques (non-marked observable)

As at 30 June 2010, the Group held the following financial instruments measured at fair value:

Financial instruments	30 June 2010 € 000	Level 1 € 000	Level 2 € 000	Level 3 € 000
Interest rate swaps	(1,337)	-	(1,337)	-

Fortuna Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. 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.

Bank loans

At 30 June 2010 Fortuna Group was in compliance with syndicated bank loan covenants.

19. OTHER OPERATING EXPENSES

	30 June 2010 (unaudited) € 000	31 December 2009 (audited) € 000
Operating lease expense	(4,157)	(3,816)
Franchise fees	(726)	(583)
Materials and office supplies	(792)	(728)
Marketing and advertising	(1,854)	(1,702)
Telecommunications costs	(638)	(501)
Energy and utilities	(789)	(731)
Repairs and maintenance	(433)	(378)
Taxes and fees paid to authorities	(398)	(182)
Bad debt expense	(703)	(718)
IT services	(216)	(93)
Travelling and entertainment costs	(288)	(354)
Others	(785)	(758)
Other operating expenses	**(11,779)**	**(10,544)**

20. DEBT RESTRUCTURING

On 17 March 2010 Fortuna sázková kancelář a.s., Fortuna Game a.s. and Fortuna SK, a.s. entered into refinancing agreements with Česká Spořitelna, a.s., which replaced all outstanding facilities with new bank loans amounting to € 36,667 thousand. The purpose of the restructuring of the overall borrowings from this bank of € 39,248 thousand was an overall decrease in loans to provide desired dividend capacity for FEGNV.

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

(all amounts in thousands) :

Fortuna sázková kancelář a.s.	Size of tranche	Repayment
Tranche I	84,000 CZK (€ 3,188)	2015 linear repayment
Tranche II	26,500 CZK (€ 1,000)	2015
Tranche III	€ 4,100	2015 linear repayment
Tranche IV	€ 1,300	2015
Tranche V	150,000CZK (€ 5,660) (overdraft)	2013

Fortuna Game a.s.	Size of tranche	Repayment
Tranche I	100,000 CZK (€ 3,774)	2015 linear repayment
Tranche II	33,000 CZK (€ 1,245)	2015
Tranche III	€ 4,800	2015 linear repayment
Tranche IV	€ 1,600	2015

Fortuna SK a.s.	Size of tranche	Repayment
Tranche I	€ 4,500	2013 linear repayment
Tranche II	€ 2,300	2014 accel. repayment
Tranche III	€ 3, 200	2014

The loan from Fortuna sázková kancelář a.s. is secured by:

- pledge over 100 % of shares of Fortuna SazKan;
- pledge over 100 % of shares of Alicela;
- pledge over 100 % of shares of Riverhill;
- pledge over bank accounts of Fortuna SazKan;
- pledge over registered trademark of Fortuna SazKan;
- blank promissory notes issued by Fortuna SazKan;
- letter of comfort issued by Penta Holding Limited.

The loan from Fortuna Game a.s. is secured by:

- pledge over 100 % of shares of Fortuna GAME;
- pledge over 100 % of shares of Alicela;
- pledge over 100 % of shares of Riverhill;
- pledge over bank accounts of Fortuna GAME;
- pledge over registered trademark of Fortuna GAME
- blank promissory notes issued by Fortuna GAME;
- letter of comfort issued by Penta Holding Limited.

The loan from Fortuna SK a.s. is secured by:

- pledge over 100 % of shares of Fortuna SK;
- pledge over bank accounts of Fortuna SK;
- blank promissory notes issued by Fortuna SK;
- letter of comfort issued by Penta Holding Limited.

21. RELATED PARTY DISCLOSURES

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

Consolidated entities	Country of incorporation	Nature of activity
Fortuna Entertainment Group N.V.	The Netherlands	Holding company
Riverhill a.s.	Czech Republic	Holding company
Alicela a.s.	Czech Republic	Holding company
Fortuna sázková kancelář a.s.	Czech Republic	Sports betting
Fortuna GAME a.s.	Czech Republic	Sports betting
Fortuna Rent s.r.o.	Czech Republic	Rentals

Fortuna sázky a.s.	Czech Republic	Dormant company
Fortuna Sportska Kladionica d.o.o. *	Croatia	Sports betting
Fortuna Zakłady Bukmakerskie Sp. z o.o.	Poland	Sports betting
Fortuna SK, a.s.	Slovakia	Sports betting
Fortuna Real s.r.o.	Slovakia	Rentals
Navi Pro, s.r.o. **	Czech Republic	Software company
Ibet, s.r.o. ***	Czech Republic	Call centre support
Fortunawin Ltd ***	Malta	Online betting
Fortunawin Gaming Ltd ***	Malta	Online gaming

*) Sold in March 2010
**) Acquired in March 2010 and subsequently renamed to Fortuna software s.r.o.
***) Established in 2010

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2010 and 2009:

Consolidated statement of financial position	**30 June 2010 (unaudited) € 000**	**30 June 2009 (unaudited) € 000**
Receivables from related parties		
Fortuna Sportska Kladionica d.o.o.	200	-
Digital Park	3	-
Total receivables from related parties	**203**	**-**
Related party loans rendered		
Penta Investment limited	-	27,246
Equinox Investments B.V.	-	899
Total related party loans rendered	**-**	**28,145**
Payables to related parties		
DÔVERA zdravotná poisťovňa, a.s..	12	7
APOLLO zdravotná poisťovňa, a.s.	-	5
Digital Park	1	-
Antonin Las (management)	1	-
Equinox Investments B.V.	-	4
Aero Vodochody	-	1
Penta Investment limited	-	5
Total payables to related parties	**14**	**22**
Related party loans received		
Equinox Investments B.V.		1,003
Penta Investment limited	-	7,173
Total related party loans received	**-**	**8,176**
Cash in related parties		
Privatbanka, a.s.	2,424	30
Total cash in related parties	**2,424**	**30**

Consolidated statement of income	**30 June 2010 (unaudited) € 000**	**30 June 2009 (unaudited) € 000**
Interest income from related parties		
Privatbanka, a.s.	5	1
Penta Investments Limited	424	995
Equinox Investments B.V.	-	38
Total interest income from related parties	**429**	**1,034**
Interest expense from related parties		
Privatbanka, a.s.	4	-
Equinox Investments B.V.	31	4
SID	-	5
Penta Investments Limited	133	139
Total interest expense from related parties	**168**	**148**
Purchases from related parties		
Penta Investment limited	2	6
Aero Vodochody	1	1
DÔVERA zdravotná poisťovňa, a.s..	51	29
APOLLO zdravotná poisťovňa, a.s.	-	23
Mobilcom	1	-
Digital Park	11	-
Penta Investments CYPRUS	-	73
Fortuna Park, spol. s r.o. (v likv.)	3	2
Total purchases from related parties	**69**	**134**

22. EVENTS AFTER THE REPORTING PERIOD

Dr. Christian Ellul replaced Mr. Michal Veprek as director of FortunaWin Ltd and Fortunawin Gaming Ltd.

Fortunawin Ltd and Fortunawin Gaming Ltd were granted prolonged Letter of Intent (“LOIs”) for the full betting and gaming licences of Malta. Regulatory audits of the companies are required for full licenses after 6 month of operations.

In the second quarter, Fortuna sázková kancelář a.s. applied for the lottery license. After fulfilment of the legal requirements, in July 2010, the Ministry of Finance issued a lottery license to Fortuna sázková kancelář a.s. for operations in the territory of the Czech Republic.

Amsterdam, 19 August 2010

Michal Vepřek ___________________________________

(Chief Financial Officer)

Marek Rendek ___________________________________

(Managing Director)