

Fortuna Entertainment Group N.V.**Preliminary Unaudited Financial Results for
2010**

Amsterdam - Fortuna Entertainment Group N.V., the leading Central European fixed-odds betting operator present on the markets of Poland, the Czech Republic, Slovakia and Hungary, announces its preliminary unaudited consolidated financial results for the fiscal year to 31 December 2010, prepared according to International Financial Reporting Standards (IFRS).

The preliminary unaudited results of Fortuna Entertainment Group for 2010 confirm a strong trend of growth in the main markets where the Company is present. Fortuna, the leading Central European fixed-odds betting operator present on the markets of Poland, the Czech Republic, Slovakia, Hungary and Malta, recorded in 2010 **a total Amounts Staked figure of EUR 384.2 million, 13.7% more than in 2009**, according to the preliminary unaudited financial results. The Amounts Staked performance was positively driven by market growth in the Czech Republic and Slovakia, primarily by the growing contribution of on-line betting. High volumes of sport betting in 2010 were another positive impact with important sport events drawing the attention of bettors – for example, the FIFA World Cup in South Africa.

In 2010, Gross Win reached EUR 92.8 million, an increase of 9.6% compared with 2009. Gross Win from on-line betting in 2010 increased to EUR 22.9 million, a substantial gain of 35.5% over 2009. Gross Win from retail betting in 2010 amounted to EUR 69.9 million, 3.1% more than in the previous year. The decline in retail betting seen during 2009 was thus halted.

„We are very pleased that we maintained high dynamics of growth once more in 2010. Fortuna has confirmed a great performance in all key markets and continues with its strategy of organic growth and the gaining of additional market shares. Apart from achieving rapid growth in the on-line betting segment, we also managed to retain absolute levels of retail betting in all markets, which I consider to be very important. Our branch network serves not just as a distribution channel but also provides service centres for on-line betting. It confirms that our chosen sales strategy, focusing not only on internet betting but also on our growing retail network, is the right one,“ said Fortuna Entertainment Group CEO Jiří Bunda.

„In 2011 we will focus on maintaining our growth dynamics and the operational efficiency primarily of our retail network, while providing maximum support for on-line

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betting and developing strategic expansion projects such as the numerical lottery project in the Czech Republic and on-line betting in Poland,” added Bunda.

„We are pleased that the promises we made during the IPO roadshow to the entire investor community have been fulfilled. These excellent results for 2010 offer the best proof of Fortuna’s stability and growth. On behalf of shareholders, I would like to say thank you to the management of Fortuna. We look forward to the next challenges, namely the launch of the lottery in the Czech Republic and the liberalization of on-line betting in Poland during 2011,” commented Jozef Janov, Chairman of the Supervisory Board of Fortuna Entertainment Group NV.

Overview of Financial Results

(EUR million)	January – December 2010	
		yoy
Amounts Staked	384.2	13.7%
Gross Win	92.8	9.6%
On-line	22.9	35.5%
Retail	69.9	3.1%
Revenues	81.2	8.8%
EBITDA	25.1	6.6%
Finance costs (net)	2.3	12.8%
Net profit ¹	17.4	2.6%
Net profit including discontinued operations	20.3	63.2%

Gross Profit

In 2010 Gross Profit from betting increased 10.5% yoy and reached EUR 73.5 million. The biggest annual increase in gross profit from betting came from on-line betting – by 39.6% to EUR 18.9 million. The share of on-line betting in gross profit from betting in 2010 amounted to 25.7%, compared to the 20.4% recorded in 2009. Gross profit from retail betting in 2010 increased by 3.0% yoy to EUR 54.6 million.

Fortuna also achieved its positive results through the further development of “Live betting” (real-time bets placed while particular games or events are taking place),

¹ Continued operations only

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which currently represents more than 16% of the amounts staked via the internet. To achieve a further enhancement of this distribution channel, Fortuna launched the next upgrade of live betting – live streaming. Fortuna's clients will be able to follow selected sport broadcasting live thanks to the streaming.

The Gross Profit Margin from betting in 2010 was 19.1%, just 0.6 percentage points less than in 2009. The cause of the margin decline was the rising volume of live betting which significantly contributed to the Amounts Staked increase but generated lower margins.

Revenues, OPEX, EBITDA

In 2010 the Company recorded total revenues in the amount of EUR 81.2 million, 8.8 % more than in the previous year.

Total operating costs in 2010 reached EUR 56.1 million, 9.8% more than in 2009. Staff costs increased 8.8% yoy to EUR 25.6 million due to new management hires for strategic projects (e.g. the lottery project and FortunaWin) and due to changes in the structure of the statutory bodies in connection with the IPO. In 2010 governmental taxes and levies amounted to EUR 6.8 million, 2.4% less than in the previous year. Other operating expenses (net) increased in 2010 by 15.1% to EUR 23.7 million due to the launch of the FortunaWin project and the retail network expansion in the Czech Republic and in Poland.

EBITDA of Fortuna increased in 2010 by 6.6% to EUR 25.1 million. In 2010 depreciation rose 23% to EUR 2.6 million. This resulted from the reconstruction of the retail network equipment, on-line channel investments and the acquisition of the software house NaviPro.

EBIT and Net Profit

In 2010 operating profit (EBIT) amounted to EUR 22.5 million, 4.9% more than in the previous year. This result was impacted by recorded EBITDA and higher depreciation.

Net finance costs reached EUR 2.3 million in 2010 and increased by 12.8% yoy. Finance costs were impacted by EUR 0.4 million of one-off expenses related to bank debt refinancing in the first half of 2010.

Income tax equalled EUR 2.8 million in 2010, 14.7% more than in 2009.

In 2010 the Company recorded net profit from continued operations excluding Croatia of EUR 17.4 million, 2.6% more than in the previous year. The achieved result was influenced by the levels of the EBIT, finance costs and income tax.

Total net profit including the Croatian operations amounted to EUR 20.3 million in 2010, 63.2% more than in 2009.

Cash and indebtedness

The total amount of bank debt as of December 31, 2010 was EUR 29.1 million. Cash and cash equivalents as of December 31, 2010 amounted to EUR 25.3 million, 17.5% more than as of December 31, 2009. The total balance of those two items resulted in a Company net debt position of EUR 3.8 million as of December 31, 2010.

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 2010

(in EUR million)	CZ	Slovakia	Poland	Malta
Total amounts staked	205.3	122.3	55.3	1.3
Paid out prices	(162.5)	(92.0)	(35.7)	(1.2)
Gross win from betting	42.8	30.2	19.7	0.06
- of which: online	12.6	10.3	0	0.06
- of which: retail	30.3	19.9	19.7	0
Withholding tax paid	0	(5.9)	(6.6)	0
Other revenues	0.3	0.2	0.4	0
Revenues	43.2	24.6	13.4	0.06
Taxation of earnings from betting	(6.8)	0	0	0
Gross profit from betting	36.0	24.4	13.0	0.06
of which: online	10.8	8.1	0	0.06
- of which: retail	25.2	16.3	13.0	0
Gross profit from betting (in %)	17.6%	19.9%	23.5%	5.1%

The Czech Republic generated more than 53.4% of all amounts staked for the Company in 2010, an increase from 49.7% in 2009. **Total amounts staked reached EUR 205.3 million, 22.2% more than in 2009. Gross win in the Czech Republic amounted to EUR 42.8 million in 2010, 4.6% more than in the previous year.** This growth was driven primarily by the on-line expansion; Gross win from the on-line segment climbed by **53.4 % yoy and amounted to EUR 12.6 million.** On the contrary, Gross win from retail betting in the Czech Republic declined 7.6% yoy and totalled EUR 30.3 million. Gross profit from betting in the Czech Republic was EUR 36.0 million, 6% more than in 2009. This increase was driven by on-line gross profit which went up 65% and amounted to EUR 10.8 million. Gross profit from retail in the Czech Republic decreased by 8.1% in 2010 to EUR 25.2 million. **The gross profit margin from betting in the Czech Republic equalled 17.6% in 2010, 2.6% less than in 2009.**

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The share of Slovakia in regard to total amounts staked in 2010 reached 31.8%, hardly changing in comparison to 2009 (33.2%).

Total amounts staked reached EUR 122.3 million, 8.9% more than in 2009. Gross win in Slovakia amounted to EUR 30.2 million in 2010, 13.2% more than in the previous year. Gross win from on-line betting was EUR 10.3 million, 18.0% more than in 2009. Also, gross win from retail betting in Slovakia increased by 10.9% yoy and totalled EUR 19.9 million. Gross profit from betting in Slovakia was EUR 24.4 million, 14.2% more than in 2009. This increase was driven almost equally by the on-line and retail betting segments. Gross profit from on-line betting in Slovakia went up by 14.9% in 2010 to EUR 8.1 million. Gross profit from retail betting in Slovakia went up by 13.9% in 2010 to EUR 16.3 million. **The gross profit margin from betting in Slovakia equalled 19.9% in 2010**, 0.9% more than in 2009.

Poland accounted for a 14.4% share of total amounts staked in 2010, compared with a 17% share in 2009. **Total amounts staked in Poland reached EUR 55.3 million, 3.9% less than in 2009.** The reason for the drop was a change in the tax rate on the amounts staked that was implemented in 2010 and the impossibility of operating some products, for example numerical games. **On the contrary, gross win from betting in Poland went up EUR 19.7 million in 2010, a rise of 15.5% yoy.** Gross profit from betting in Poland was EUR 13.0 million, 16.2% more than in 2009. The gross profit margin from betting in Poland amounted to 23.5% in 2010, 4.0% more than in 2009 and the highest gross profit margin of all the markets.

The internet betting in Hungary carried out through FortunaWin based in Malta was established in mid-2010. **Total amounts staked reached EUR 1.3 million**, gross win from betting was EUR 0.06 million and the gross profit from betting also equalled EUR 0.06 million. The gross profit margin from betting in Malta was 5.1% in 2010.

Products and Distribution Network

The rapid development of internet betting is visible both in the Czech Republic and Slovakia. Through its subsidiary FortunaWin, which is licensed in Malta, in June last year Fortuna also introduced internet betting in Hungary. Regulatory developments in Poland concerning on-line betting may soon also enable the launch of internet betting in that country.

Although the internet betting segment has been growing rapidly, the retail outlets network remains in absolute terms the primary distribution channel of Fortuna and contributes more than 75% of the Gross Win of the Company. Another important role of the retail outlets network is the support it provides to the online betting segment – internet clients may use all the customer services, such as deposits and withdrawals and the customer queries and solutions service, free of charge. As a result, the focus on the development and efficiency of the outlet network is an important feature of the Company's strategy in all three markets. For the additional expansion of the retail network, the Group will primarily use a partnership model with successful local businesses, such as sport bars.

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Strategy and New Projects

At the beginning of February 2011, the majority shareholder of Fortuna, investment company Penta, announced that it had entered into a strategic partnership with Sazka in order to prevent Sazka falling into bankruptcy. Regardless of this development, Fortuna plans to continue with the proprietary lottery project in the Czech Republic in co-operation with its partner Intralot and with the full support of its majority owner.

Fortuna has set up its own management team for the lottery project and plans to enter the lottery segment with the scratch tickets in the first half of this year. The launch of the lottery itself is anticipated for the second half of 2011. The strategy of Fortuna is to target not only the existing clients of lottery games but primarily new customers. The aim is to create a market in the Czech Republic where the penetration in terms of the betting spend per capita is low compared with other countries (such as Slovakia or Hungary).

FortunaWin, the on-line betting platform of Fortuna operating in the Hungarian market, has registered more than 10 thousand customers since its establishment in June 2010. A new development is that it has also launched a new betting application for mobile phones.

Dividend Policy and Dividend

The Company announced last year that in 2011 it will pay out a dividend of 70%-100% of the 2010 net profit and would like to confirm this commitment. The exact dividend amount will be proposed by the Management Board to shareholders at the AGM which will take place in May 2011.

2011 Outlook

In 2011 Fortuna would like to continue with and develop key pillars of its current strategy – growth in its prime markets in sport betting, support and expansion of the on-line betting segment and revenue/market share retention in retail betting, including the focus on the efficiency of the retail network. In comparison with “the strong” year of 2010 when there was a high number of championships and sport events which attracted bettors, the odd year 2011 will be weaker given its sport event calendar.

Another expectation of the Company is a dynamic rollout of internet betting in 2011 and an increase in its share of the total gross win from betting.

With respect to new projects and their expected contribution to the financial performance in 2011, based on current assumptions the lottery project in the Czech Republic could become profitable in approximately 24 months, i.e. in 2012-2013. The launch of the internet betting in Poland this year should have a positive impact on the

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results of the Company. The actual evaluation of the expected contribution will depend on the on-line betting conditions, mainly with regard to taxation, registration conditions and the regulation of marketing activities. The Company will provide better estimates once the final draft of the law is approved.

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Appendix 1

Consolidated Income Statement

Prepared under International Financial Reporting Standards (IFRS)

(in thousands of EUR)

	2010 (unaudited)	2009 (unaudited)	change in %
Amounts Staked	384,172	337,876	13.7%
Revenue	81,195	74,624	8.8%
Governmental taxes and levies	(6,799)	(6,965)	(2.4%)
Personnel Expenses	(25,576)	(23,499)	8.8%
Other operating income/(expenses) net	(23,737)	(20,624)	15.1%
EBITDA	25,083	23,536	6.6%
EBITDA margin in %	30.9%	31.5%	(0.6 pp)
Depreciation	(2,630)	(2,138)	23.0%
EBIT	22,453	21,398	4.9%
EBIT margin in %	27.7%	28.7%	(1.0 pp)
Finance costs (net)	(2,312)	(2,049)	12.8%
Profit before tax	20,141	19,349	4.1%
Income tax (expenses) / income	(2,769)	(2,415)	14.7%
Net profit from continuing operations	17,372	16,934	2.6%
Discontinued operations	2,885	(4,525)	na
Net profit including discontinued operations	20,257	12,409	63.2%

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Appendix 2

Selected information on products and services for the 1 January to 31 December periods of 2009 and 2010

Prepared under International Financial Reporting Standards (IFRS)

(in thousands of EUR)

	2010 (unaudited)	2009 (audited)	change in %
Total Amounts Staked	384,172	337,876	13.7%
-of which: bets	363,310	317,502	14.4%
-of which: commissions	20,862	20,373	2.4%
Paid out prices	(291,357)	(253,182)	15.1%
Gross win from betting	92,815	84,694	9.6%
-of which: online	22,926	16,916	35.5%
-of which: retail	69,889	67,778	3.1%
Withholding tax paid	(12,498)	(11,180)	11.8%
Other revenues	878	1,110	(20.9%)
Revenue	81,195	74,624	8.8%
Taxation of earnings from betting	(6,799)	(6,965)	(2.4%)
Gross profit from betting	73,518	66,549	10.5%
-of which: online	18,949	13,576	39.6%
-of which: retail	54,569	52,973	3.0%
Gross profit margin (in %)	19.1%	19.7%	(0.6 pp)

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