NON STATUTORY COMBINED FINANCIAL STATEMENTS OF FORTUNA ENTERTAINMENT GROUP N.V.

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED
BY THE EUROPEAN UNION
AS AT 31 DECEMBER 2009

TOGETHER WITH AN INDEPENDENT AUDITOR'S REPORT

CONTENT

To: The shareholder of Fortuna Entertainment Group NV

Auditor's report

Report on the combined financial statements

We have audited the accompanying combined financial statements for the year ended 31 December 2009 of Fortuna Entertainment Group N.V., Amsterdam, which comprise the combined statements of financial position as at 31 December 2009, 31 December 2008 and 31 December 2007, the combined statements of income, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the years ended 31 December 2009, 31 December 2008 and 31 December 2007, and a summary of significant accounting policies and other explanatory notes. As referred to in note 2.1 in the notes to the combined financial statements these combined financial statements include Fortuna Entertainment Group N.V., its subsidiaries and Fortuna SK, a.s. with its subsidiary Fortuna Real, s.r.o. and Fortuna zaklady bukmacherskie Sp, z o.o and have been prepared for the inclusion in the prospectus of Fortuna Entertainment Group N.V.

As referred to in note 2.2 in the notes to the combined financial statements, these combined financial statements do not constitute the Dutch statutory financial statements as required under Dutch law.

Management's responsibility

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion
In our opinion, the combined financial statements give a true and fair view of the financial position of Fortuna Entertainment Group N.V. as at 31 December 2009, 31 December 2008 and 31 December 2007, and of its results and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matter - restriction of use (and distribution)
The combined financial statements of Fortuna Entertainment Group N.V. and our auditor's report thereon are intended for inclusion in the prospectus of Fortuna Entertainment Group N.V.

Amsterdam, 16 June 2010

Ernst & Young Accountants LLP

signed by S.D.J. Overbeek - Goeseije

FORTUNA ENTERTAINMENT GROUP N.V.

Combined statement of financial position as at 31 December 2007, 2008 and 2009

	Notes	31 December 2009 € 000	31 December 2008 € 000	31 December 2007 € 000	1 January 2007 € 000
ASSETS					
Non-current assets					
Goodwill	13	50,426	49,603	52,125	50,466
Intangible assets	14	7,272	6,594	6,381	6,016
Property, plant and equipment	15	5,567	4,401	3,318	3,253
Deferred tax assets	11	776	912	557	634
Related party loans	28	28,257	24,216	-	-
Restricted cash	18	3,584	2,978	673	654
Other non-current assets	17	546	785	322	240
Total Non - Current Assets		**96,428**	**89,489**	**63,376**	**61,263**
Current assets					
Current receivables	16	802	1,749	688	1,288
Related party loans	28	-	2,110	-	49
Income tax receivable		202	386	294	388
Other current assets	17	953	966	627	1,002
Bank deposits	19	755	746	-	-
Cash and cash equivalents	19	21,566	17,804	20,277	9,319
Total current assets		**24,278**	**23,761**	**21,886**	**12,046**
TOTAL ASSETS		**120,706**	**113,250**	**85,262**	**73,309**
EQUITY AND LIABILITIES					
Share capital	21	45	-	-	-
Share premium	21	21,779	-	-	-
Statutory reserve	21	2,144	-	-	-
Net assets attributable to combined entities' shareholder		16,611	28,167	11,929	(5,290)
Foreign currency translation reserve	21	324	(59)	407	-
Retained earnings		(420)	-	-	-
Total assets attributable to combined entities shareholder		**40,483**	**28,108**	**12,336**	**(5,290)**
Minority interest		-	-	**-**	
Total Equity		**40,483**	**28,108**	**12,336**	**(5,290)**
Non-current liabilities					
Provisions	24	438	569	29	-
Long-term bank loans	25	18,848	38,931	989	-
Deferred tax liabilities	11	-	-	-	1
Related party loans	28	7,550	-	5,324	-
Other non-current Liabilities	27	2,578	13,047	26,309	31,111
Total non-current liabilities		**29,414**	**52,547**	**32,651**	**31,112**
Current liabilities					
Trade and other payables	26	27,507	20,709	15,389	15,334
Income tax payable		408	2,434	531	66
Provisions	24	94	529	-	579
Related party loans	28	617	2,424	8,791	14,903
Short-term bank loan and overdrafts	25	-	271	14,415	13,725
Current portion of long-term bank loans	25	20,681	5,281	422	2,175
Derivatives	20	746	-	-	-
Other current liabilities		756	947	727	705
Total current liabilities		**50,809**	**32,595**	**40,275**	**47,487**
EQUITY AND LIABILITIES		**120,706**	**113,250**	**85,262**	**73,309**

Combined statement of income for the years ended 31 December 2007, 2008 and 2009

	Notes	2009 € 000	2008 € 000	2007 € 000
Amounts staked	6	379,459	367,454	252,894
Revenue	6	**80,348**	**85,624**	**58,043**
Governmental taxes and levies	6	(6,965)	(5,885)	(3,651)
Personnel Expenses	7	(28,001)	(29,569)	(20,505)
Depreciation and amortisation	6	(2,589)	(2,010)	(1,369)
Goodwill impairment	13	-	(4,366)	-
Other operating income	8	1,034	353	126
Other operating expenses	9	(26,461)	(27,015)	(19,872)
Operating profit	6	**17,366**	**17,132**	**12,772**
Finance income	10	2,315	1,700	351
Finance costs	10	(4,850)	(5,269)	(4,192)
Profit before Tax		**14,831**	**13,563**	**8,931**
Income tax expense	11	(2,422)	(3,595)	(715)
Net profit for the period		**12,409**	**9,968**	**8,216**
Attributable to:				
Combined entities shareholder	12	12,409	10,201	8,216
Minority interest		-	(233)	-

Earnings per share		**2009** **€**	**2008** **€**	**2007** **€**
Basic and diluted, profit for the year attributable to combined entities shareholder	12	2,758	2,267	1,826

Combined statement of comprehensive income for the years ended 31 December 2007, 2008 and 2009

	2009	2008	2007
	€ 000	**€ 000**	**€ 000**
Profit for the year	**12,409**	**9,968**	**8,216**
Net loss on revaluation of cash flow hedges	(365)	-	-
Income tax	69	-	-
	(296)		
Exchange differences on translation of foreign operations	383	(460)	407
Other comprehensive income for the year, net of tax	**87**	**(460)**	**407**
Total comprehensive income for the year, net of tax	**12,496**	**9,508**	**8,623**
Attributable to:			
combined entities shareholder	12,496	9,741	8,623
Minority interests	-	(233)	-

Combined statement of cash flows for the years ended 31 December 2007, 2008 and 2009

	31 December 2009 € 000	31 December 2008 € 000	31 December 2007 € 000
Cash flows from operating activities			
Profit before tax	14,831	13,563	8,931
Adjustments for:			
Depreciation and amortisation	2,589	2,010	1,369
Goodwill impairment		4,366	-
Changes in provisions	(575)	352	(415)
Gain on disposal of property, plant and equipment	(1)	(5)	(24)
Interest expense, net	2,355	3,424	3,907
Change in fair value of derivatives	381	26	-
Operating profit before working capital changes	19,580	23,736	13,768
(Increase) / Decrease in other current assets	(298)	39	393
(Increase) / Decrease in receivables	1,160	(1,407)	550
(Decrease) / Increase in payables and other liabilities	2,103	3,072	(480)
(Increase) / Decrease in restricted cash	(568)	(2,408)	-
Cash generated from operating activities	21,977	23,032	14,231
Corporate income tax paid	(4,091)	(2,246)	(27)
Net cash flows from operating activities	**17,886**	**20,786**	**14,204**
Cash flows from investing activities			
Interest received	2,315	1,700	285
Related party loans receivable (granted)/repaid	(1,931)	(25,302)	-
Cash acquired on acquisition of subsidiaries	-	1,638	-
Payment of deferred instalments related to purchase of subsidiary	(9,109)	(6,604)	(5,753)
Proceeds / (Acquisition) of other financial assets	374	(1,158)	-
Purchase of buildings, equipment and intangible assets	(4,778)	(3,260)	(1,753)
Proceeds from sale of buildings and equipment	546	1,072	318
Net cash flows used in investing activities	**(12,583)**	**(31,914)**	**(6,903)**
Cash flows from financing activities:			
Proceeds from long-term borrowings	-	48,471	948
Repayments of long term borrowings	(17,816)	(10,288)	-
Net proceeds from / (Repayments of) short-term borrowings	15,071	(9,907)	(1,551)
Related party loans received / (repaid)	5,293	(12,618)	(1,235)
Proceeds from shareholder's contributions	-	-	9,003
Cash contribution by shareholder to acquire subsidiary companies	64,599	-	-
Payment to acquire subsidiary companies	(64,599)	-	-
Dividends paid	(410)	(2,239)	-
Interest paid	(4,670)	(5,124)	(4,192)
Net cash flows (used in) / provided by financing activities	**(2,532)**	**8,295**	**2,973**
Net effect of currency translation in cash	991	360	684
Net increase / (decrease) in cash and cash equivalents	**3,762**	**(2,473)**	**10,958**
Cash and cash equivalents at the beginning of the year	17,804	20, 277	9,319
Cash and Cash Equivalents at the end of the year	**21,566**	**17,804**	**20,277**

Combined statement of changes in equity for the year ended 31 December 2009

	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	Minority Interests € 000	Total € 000
1 January 2009	-	-	28,167	-	-	(59)	28,108	-	28,108
Profit for the year	-	-	12,829	-	(420)		12,409	-	12,409
Other comprehensive income	-	-	(296)	-	-	383	87	-	87
Total comprehensive income	-	-	12,533	-	(420)	383	12,496	-	12,496
Dividend paid to the combined entities' shareholder (note 22)	-	-	(410)	-	-	-	(410)	-	(410)
Share issue and cash contribution by shareholder (note 21)	45	64,599	-	-	-	-	64,644	-	64,644
Acquisition of Fortuna Czech and Fortuna Croatia accounted for using pooling of interest method (note 21)	-	(42,820)	(23,679)	2,144	-	-	(64,355)	-	(64,355)
31 December 2009	**45**	**21,779**	**16,611**	**2,144**	**(420)**	**324**	**40,483**	**-**	**40,483**

Combined statement of changes in equity for the year ended 31 December 2007 and 2008

	Share capital	Net assets attributable to combined entities' shareholder	Statutory reserves	Retained earnings	Foreign exchange translation reserve	Total	Minority interests	Total
	€ 000	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
1 January 2008	-	11,929	-	-	407	12,336	-	12,336
Profit for the year		10,201	-	-		10,201	(233)	9,968
Other comprehensive income		-	-	-	(460)	(460)	-	(460)
Total comprehensive income	-	10,201	-	-	(460)	9,741	(233)	9,508
Dividend paid to the combined entities' shareholder (note 22)	-	(1,600)	-	-	-	(1,600)	-	(1,600)
Acquisition of subsidiary by the combined entities' shareholders (note 30)	-	6,091	-	-	-	6,091	151	6,242
Acquisition of minority interest (note 30)	-	1,546	-	-	(6)	1,540	82	1,622
31 December 2008	**-**	**28,167**	**-**	**-**	**(59)**	**28,108**	**-**	**28,108**
1 January 2007	-	(5,290)	-	-	-	(5,290)	-	(5,290)
Profit for the year		8,216	-	-	-	8,216	-	8,216
Other comprehensive income		-	-	-	407	407	-	407
Total comprehensive income	-	8,216	-	-	407	8,623	-	8,623
Capital contribution by combined entities' shareholder (note 21)	-	9,003	-	-	-	9,003	-	9,003
31 December 2007	**-**	**11,929**	**-**	**-**	**407**	**12,336**	**-**	**12,336**

1. CORPORATE INFORMATION

The combined financial statements for the year ended 31 December 2009 of FORTUNA Entertainment Group N.V. ("FEGNV"), comprise the combined statements of financial position as at 31 December 2009, 31 December 2008 and 31 December 2007, the combined statements of income, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the years ended 31 December 2009, 31 December 2008 and 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

The combined financial statements of FEGNV for the year ended 31 December 2009 were authorized for issue in accordance with a resolution of the directors on 16 June 2010.

FEGNV has its registered office at Strawinskylaan 809, 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 over 1,350 shops in total in 2009, and via online web sites in the Czech Republic and Slovakia.

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

2. BASIS OF PREPARATION

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

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

2.1. Basis of combination

FEGNV was incorporated by Penta in November 2009. At the date of authorisation of these combined financial statements, FEGNV is the legal parent of existing legal entities operating in the betting industry which are ultimately owned by Penta.

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 the 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 reorganization was completed on 12 May 2010 due to certain regulatory approvals being required to transfer Fortuna SK, a.s., Fortuna Real, s.r.o. and Fortuna Zakłady Bukmakerskie Sp. z o.o. which were not obtained before 31 December 2009

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 as if it 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 combined financial statements as at the date they were under common control, and are accounted for using the purchase method.

2.1. Basis of combination (continued)

The legal restructuring aimed at transferring certain existing legal entities to FEGNV was not completed before 31 December 2009 due to regulatory approvals being required for transferring some of the legal entities. As a result, as at 31 December 2009, FEGNV only held the following entities Riverhill, a.s. (including its subsidiaries Alicela, a.s., Fortuna sázková kancelář a.s, Fortuna Game a.s., Fortuna rent s.r.o.), Fortuna Sportska Kladionica d.o.o. and FortunaWin Ltd with its subsidiary FortunaWin Gaming Ltd. Fortuna SK, a.s. with its subsidiary Fortuna Real, s.r.o., and Fortuna zaklady bukmacherskie Sp, z o.o. were only acquired on 27 January, 2010 and 12 May 2010, respectively. Consequently, FEGNV did not have control over those entities as at 31 December 2009 and is not allowed under IAS 27, Consolidated and Separate Financial Statements, to present consolidated financial statements including Fortuna SK, a.s. and Fortuna zaklady bukmacherskie Sp, z.o.o as at that date.

In December 2009, the IFRIC noted that the ability to include entities within a set of IFRS financial statements depends on the interpretation of ‘reporting entity’ in the context of common control transactions. A reporting entity is defined as ‘a circumscribed area of business activity of interest to present and potential equity investors, lenders and other capital providers’. It is management’s view that as at 31 December 2009 the FEGNV qualifies as a reporting entity as the following conditions existed as at that date:

- A common ownership structure for all entities within the group,
- A common board of directors responsible for all material, operational, financing and investing decisions; and
- Evidence of the integration of the ‘group’ for operational purposes

Since the above conditions were met and based on the recent decision of the IFRIC, management concluded that combined financial statements could be prepared as at 31 December 2009 which give a true and fair view in accordance with IFRS as adopted by the EU.

These combined financial statements include FEGNV, its subsidiaries as of 31 December 2009 and Fortuna SK, a.s. with its subsidiary Fortuna Real, s.r.o. and Fortuna zaklady bukmacherskie Sp, z.o.o. As a result combined financial statements in accordance with IFRS as adopted by the EU (“IFRS”) were prepared by FEGNV, as reporting entity, as at 31 December 2009 which include the following entities (“Fortuna Group”):

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 Sportska Kladionica d.o.o.
FortunaWin Ltd
FortunaWin Gaming Ltd.
Fortuna SK, a.s.
Fortuna Real, s.r.o.
Fortuna zaklady bukmacherskie Sp, z.o.o.

These combined financial statements contain historical financial information and constitute a set of general purpose financial statements under paragraph 7 of IAS 1 Presentation of Financial Statements. Consequently the Fortuna Group makes an explicit and unreserved statement of compliance with IFRS as referred to in 16 of IAS 1.

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

2.2. Statement of compliance

These combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all applicable IFRS that have been adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

This report only comprises the combined financial statements and therefore does not constitute the Dutch statutory financial statements as required under Dutch law.

3. FIRST TIME ADOPTION OF IFRS

The combined financial statements for the year ended 31 December 2009 are the first financial statements of FEGNV that comply with IFRS. FEGNV has prepared the combined financial statements which comply with IFRS applicable for periods beginning on or after 1 January 2009 as described in the accounting policies in Note 4. Fortuna Group had applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing the opening statement of financial position at the date of transition to IFRS.

IFRS 1 sets out the procedures that Fortuna Group must follow when it adopts IFRS for the first time as the basis for preparing its Combined Financial Statements. Fortuna Group is required to establish its IFRS accounting policies as at 31 December 2009 and, in general, apply these retrospectively to determine the IFRS opening statement of financial position at its date of transition, 1 January 2007. This standard allows certain exemptions from retrospective application of certain IFRSs effective for December 2009 year ends. The exemptions applied by FEGNV are set out below:

- The cumulative translation differences for all foreign operations are deemed to be zero at 1 January 2007 - the date of transition to IFRSs;
- FEGNV became a first-time adopter at a later date than its subsidiary Riverhill, a.s. and its parent (Penta Investment Limited) and, accordingly, in its combined financial statements, measure the assets and liabilities of this subsidiary at the same carrying amounts as in the financial statements of this subsidiary, after having made adjustments for consolidation purposes;

As stated in Section 1 Corporate information the parent company FEGNV was incorporated in November 2009. Based on this fact neither consolidated nor combined financial statements of FEGNV were available as at the IFRS application date or as at reporting date for the first accounting period after IFRS adoption. The impact of IFRS adoption on the financial statements can therefore not be disclosed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the combined financial statements for the years ended 31 December 2007, 2008 and 2009 are set out below. These accounting policies have been consistently applied in all material respects to all the periods presented.

4.1. Business combinations

Business combinations with the exception of the business combinations under common control are accounted for using the purchase method. This involves assessing all assets and liabilities assumed for appropriate classification in accordance with the contractual terms and economic conditions and recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value as at the acquisition date.

Contingent consideration is measured at fair value if there is a present obligation, the economic outflow is more likely than not and a reliable estimate is determinable. Subsequent adjustments to the contingent consideration affects goodwill.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and carrying amount of goodwill is recognised in profit or /loss for the period.

4.2. Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred over Fortuna Group's net share in identifiable assets acquired and liabilities and contingent liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference 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 of cash generating units which together form a geographical segment. Where goodwill forms part of the group of cash-generating units 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 group of cash-generating units retained.

4.3. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Intangible assets (continued)

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

	Software
Useful lives	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.

4.4. 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 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 the asset as follows:

	Useful lives
Buildings	15 years
Plant and equipment	2 – 6 years
Cars	4 – 6 years

The buildings also include leasehold improvements. 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 income when the asset is derecognised.

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

4.5. Leases

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Leases (continued)

Finance charges are charged directly to income. 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 income on a straight-line basis over the lease term.

4.6. 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 to sell 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 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 adjusted prospectively, if appropriate.

4.7. Cash and cash equivalents

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

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

4.8. 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. Fortuna Group determines the classification of its financial assets on initial recognition.

Financial assets at fair value through profit or loss comprise derivative financial instruments. These are measured initially at fair value with transaction costs taken directly to the statement of income. Subsequently, the fair values are re-measured and gains or losses from changes therein are recognised in the statement of income.

Trade receivables are generally accounted for at amortised cost. Fortuna Group reviews indicators of impairment on an ongoing basis and where indicators exist, Fortuna Group makes an estimate of the assets' recoverable amounts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9. Financial liabilities

Financial liabilities comprise interest bearing loans and borrowings and derivative financial instruments. 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, Fortuna Group 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 income. Subsequently, the fair values are re-measured and gains and losses from changes therein are recognised in the statement of income.

4.10. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

4.11. Derivative financial instruments and hedge accounting

Fortuna Group uses derivative financial instruments such as interest rate swaps, to hedge its risks associated with interest rate.

Derivative financial instruments are recognised initially at fair value and are subsequently re-measured at fair value. The gains or losses on re-measurement are taken to the statement of income except where the derivative is designated as a cash flow hedge or a net investment hedge. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

Derivative financial instruments are classified as assets when their fair value is positive, or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Derivative financial instruments and hedge accounting (continued)

Derivative financial instruments taken out as hedges are designated and documented as hedges on the date that the relevant derivative contract was committed to, as one of the following:

- a hedge of the fair value of an asset and liability (fair value hedge);
- a hedge of the income/cost of a highly probable forecast transaction
- or commitment (cash flow hedge); or a hedge of a net investment in a foreign entity (net investment hedge).

In relation to fair value hedges that meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the statement of income. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the statement of income.

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 the ineffective portion is recognised in the statement of income. 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 year in which the hedged cash flow affects the statement of income. 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 recognised in other comprehensive income is kept in other comprehensive income until the forecasted transaction affects profit or loss.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of income for the year. 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 equity. The portion of the post-tax gains or losses on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of income. The interest element of the fair value of the hedged item is recognised in the statement of income.

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 income for the year.

4.12. 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. 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 income. The losses arising from impairment are recognised in the statement of income in finance costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13. 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 income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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 cost in the statement of income

4.14. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready 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.

4.15. Provisions

Provisions are recognised when Fortuna 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.

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.

4.16. Foreign currency translation

The presentation currency of Fortuna Group is EUR (“€“). The functional currency of FEGNV is euros, and of its subsidiaries Czech crowns (“CZK”), Polish zlotys (“PLN”) Croatian Kunas (“HRK”) and Slovak crowns (“SKK”) (until 31 December 2008) and euros from 1 January 2009.

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 exchange ruling at the balance sheet date. All differences are taken to the statement of income.

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 combined financial statements the assets and liabilities of the subsidiaries and the combined entities are translated into the presentation currency of Fortuna Group at the rate of exchange ruling at the balance sheet date with the statement of income items translated at the weighted average exchange rates for the period. The exchange differences arising on the transaction are taken directly to a separate component of equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4.17. Taxation

4.17.1. Current tax

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. Fortuna Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

According to the Czech tax legislation, all revenues and expenses connected with the betting business are not subject to CIT.

4.17.2. 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 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 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 equity, 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 Fortuna Group intends to settle its current tax assets and liabilities on a net basis.

4.17.3. Taxes on betting

Czech Republic

According to Czech legislation, the Company is obliged to pay for publicly beneficial purposes 6% to 20% of the difference between amounts staked, including any manipulation fees and wins paid to the betters, administration fees, local fees and expenses of state supervision. The amount of tax is recognised in “Government taxes and levies”.

Slovakia

According to Slovakian regulations, the Company is obliged to pay gaming tax of 5% of total amounts staked, of which 0.5% is paid to municipalities. Revenues are stated net of the amount of this tax.

Poland

According to Polish regulations the Company is obliged to pay gaming tax of 10% of amounts staked. The amount paid by customers is deducted by 10% and only the remaining 90% of ticket amounts is used to calculate the potential winning prize (the potential winning prize = 90% of ticket (paid) amount * betting rate).) Revenues are stated net of the amount of this tax.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Croatia

According to Croatian regulations, a monthly fee of 5% of the amounts staked, including the manipulation fee, is charged to the operator. Revenues are stated net of the amount of this tax.

4.18. Employee benefit plan

Pension plan

In the normal course of business, the companies within Fortuna Group pays statutory social insurance on behalf of their employees in accordance with 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.

4.19. Equity instruments

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

4.20. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Fortuna Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

4.20.1. 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 recognized as the net win of loss on an event, net of tax. The amounts bet on an event are recognised as a liability until the outcome of the event is determined, at which time the revenue is accounted for. Open betting positions, which are accounted for as derivative financial instruments, are carried at fair market value and gains and losses arising on these positions are recognised in revenue.

4.20.2. Customer loyalty programme

Fortuna Group operates a loyalty programme enabling customers to accumulate award credits for gaming spend. A portion of the gaming spend, equal to the fair value of the award credits earned is treated as deferred revenue. Revenue from the award credits is recognised when the award is redeemed. The credits expire at the end of the financial year and are not redeemable afterwards, with the exception of Croatia where all outstanding credits expire as at 31 December 2010.

4.20.3. 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 / or expense is included in finance income / costs in the statement of income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.21. Segment Disclosure

For management purposes Fortuna Group is divided into geographical operating segments. Fortuna Group follows criteria set by IFRS 8 Operating Segments to determine 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.

4.22. Contingencies

Contingent assets are not recognised in the combined financial statements but disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the combined financial statements unless they are acquired in a business combination. They are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

4.23. Future accounting developments

In April 2009 the IASB issued its second set of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The following standards were amended:

- IFRS 3R *Business Combinations* (revised in January 2008) – effective for financial years beginning on or after 1 July 2009,
- Amendments to IAS 27 *Consolidated and Separate Financial Statements* (issued in January 2008) – effective for financial years beginning on or after 1 July 2009,
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Eligible Hedged Items* (issued in July 2008) – effective for financial years beginning on or after 1 July 2009,
- Revised IFRS 1R *First–time Adoption of International Financial Reporting Standards* (revised in November 2008) – effective for financial years beginning on or after 1 July 2009,
- IFRIC 17 *Distributions of Non–cash Assets to Owners* – effective for financial years beginning on or after 1 July 2009,
- *Improvements to IFRSs* (issued in April 2009) – some improvements are effective for financial years beginning on or after 1 July 2009, the rest is effective for financial years beginning on or after 1 January 2010 – not endorsed by the EU until the date of approval of these financial statements,
- Amendments to IFRS 2 *Share–based Payments – Group Cash-settled Share-based Payment Transactions* (amended in June 2009) – effective for financial years beginning on or after 1 January 2010 – not endorsed by the EU until the date of approval of these financial statements,
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Additional Exemptions for First-time Adopters* – effective for financial years beginning on or after 1 January 2010 – not endorsed by the EU until the date of approval of these financial statements,
- 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 – not endorsed by the EU until the date of approval of these financial statements,
- IFRS 9 *Financial Instruments* – effective for financial years beginning on or after 1 January 2013 – not endorsed by the EU until 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 – not endorsed by the EU until the date of approval of these financial statements,

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for financial years beginning on or after 1 July 2010 – not endorsed by the EU until the date of approval of these financial statements,
- 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 - not endorsed by the EU until the date of approval of these financial statements.

It is anticipated that these changes will have no material effect on Fortuna Group's financial statements.

5. USE OF ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

The preparation of these combined financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, 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 FEGNV's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the combined financial statements:

Recognition of gross versus net revenues

FEGNV is a subject of various governmental taxes and levies. The regulations differ significantly from one country to another. Revenue includes only the gross 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 were FEGNV operates. Further details are given in notes 4.17.3 and 6.

Estimates

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

Fortuna Group determines whether indefinite life intangible assets are impaired at least on an annual basis. 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 to sell and its value in use and 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 notes 4.3.

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 the fair value is estimated in accordance with IAS 39 using valuation and probability techniques, taking into account the probability of the future win.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses 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.

Fortuna Group has incurred tax losses arising in Croatia of € 5,823 thousand that are available for set-off against future taxable profits of the Company incurring the losses (i.e. Fortuna sportska kladionica d.o.o.) for 5 years. Of these tax losses of € 5,823 thousand only € 2,147 thousand are recognised as deferred tax asset as there is insufficient certainty that there will be sufficient tax profits to realise the full amount. Further details on taxes are disclosed in notes 4.17 and 11.

5. USE OF ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 4.8.

6. SEGMENT INFORMATION

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

Czech Republic
Slovakia
Poland
Croatia

The parent company, FEGNV, does not report any significant results, assets and liabilities other than its interest in subsidiaries and equity and is therefore not qualified 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 combined 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.

Year ended 31 December 2009	**Czech Republic**	**Slovakia**	**Poland**	**Croatia**	**Adjustments and eliminations**	**TOTAL**
	€ 000	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
Revenue	41,449	21,350	11,825	5,724	-	**80,348**
Taxation of earnings from betting	(6,965)	-	-	-	-	**(6,965)**
Depreciation and amortisation	(996)	(783)	(358)	(452)	-	**(2,589)**
Segment result	11,045	8,609	2,160	(4,033)	(415)	**17,366**
Capital expenditure	1,989	1,242	770	778	-	**4,779**
Non-current assets	9,073	1,049	1,577	1,140	-	**12,839**
Operating segment assets	25,018	10,054	3,432	3,250	269	**42,023**
Operating segment liabilities	24,448	2,934	1,909	2,091	399	**31,781**

Year ended 31 December 2008	**Czech Republic**	**Slovakia**	**Poland**	**Croatia**	**Adjustments and eliminations**	**TOTAL**
	€ 000	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
Revenue	43,851	18,610	15,758	7,405	-	**85,624**
Taxation of earnings from betting	(5,885)	-	-	-	-	**(5,885)**
Depreciation and amortisation	(819)	(424)	(376)	(391)	-	**2,010**
Goodwill impairment	-	-	-	(4,366)	-	**(4,366)**
Segment result	13,007	7,198	3,393	(6,465)	-	**17,133**
Capital expenditure	1,526	469	585	2,019	-	**4,599**
Non-current assets	8,593	619	950	833	-	**10,995**

Operating segment assets	23,878	6,375	2,778	4,290	-	**37,321**
Operating segment liabilities	31,278	3,461	1,689	1,807	-	**38,235**

6. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2007	**Czech Republic** **€ 000**	**Slovakia** **€ 000**	**Poland** **€ 000**	**Croatia** **€ 000**	**Adjustments and eliminations** **€ 000**	**TOTAL** **€ 000**
Revenue	33,698	13,037	11,308	-	-	**58,043**
Taxation of earnings from betting	(3,651)	-	-	-	-	**(3,651)**
Depreciation and amortisation	(614)	(378)	(377)	-	-	**(1,369)**
Segment profit	8,555	3,742	475	-	-	**12,772**
Capital expenditure	656	391	706	-	-	**1,753**
Non-current assets	8,107	512	1,080	-	-	**9,699**
Operating segment assets	25,532	4,630	2,975	-	-	**33,137**
Operating segment liabilities	39,132	2,382	1,471	-	-	**42,985**

Profit for each operating segment does not include net finance costs in 2009: € 2,535 thousand (2008: costs of € 3,569 thousand, 2007: costs of € 3,841 thousand) and income tax expense in 2009: € 2,422 thousand (2008: € 3,595 thousand, 2007: € 715 thousand).

Segment assets do not include loans to related parties in 2009: € 28,257 thousand (2008: € 26,326 thousand, 2007: € nil) and goodwill in 2009: € 50,426 thousand (2008: € 49,603 thousand, 2007: € 52,125 thousand) as these assets are managed on a group basis.

Segment liabilities do not include bank loans in 2009: € 39,529 thousand (2008: € 44,483 thousand, 2007: € 15,826 thousand), related party loans in 2009: € 8,167 thousand (2008: € 2,424 thousand, 2007: € 14,115 thousand) and derivatives in 2009: € 746 thousand (2008: € nil, 2007: € nil) 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.

6. SEGMENT INFORMATION (CONTINUED)

Information about product and services

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

Year ended 31 December 2009	**Czech Republic € 000**	**Slovakia € 000**	**Poland € 000**	**Croatia € 000**	**TOTAL € 000**
Total amounts staked:	168,050	112,234	57,592	41,583	**379,459**
-of which: Bets	158,569	107,163	51,770	39,720	**357,222**
-of which: Commissions	9,480	5,071	5,822	1,864	**22,237**
Paid out prizes	(127,090)	(85,525)	(40,567)	(34,804)	**(287,986)**
Gross win from betting	40,960	26,709	17,025	6,779	**91,473**
-of which: online betting	8,183	8,733	-	-	**16,916**
-of which: retail betting	32,777	17,976	17,025	6,779	**74,557**
Withholding tax paid	-	(5,359)	(5,821)	(2,132)	**(13,312)**
Other revenues	489	-	621	1,077	**2,187**
Revenue	**41,449**	**21,350**	**11,825**	**5,724**	**80,348**
Taxation of earnings from betting	(6,965)	-	-	-	**(6, 965)**
Gross profit from betting	33,995	21,350	11,204	4,647	**71,196**
-of which: online betting	6,564	7,012	-	-	**13,576**
-of which: retail betting	27,431	14,338	11,204	4,647	**57,620**
Gross profit margin – betting (%)	20%	19%	19%	11%	

Year ended 31 December 2008	**Czech Republic € 000**	**Slovakia € 000**	**Poland € 000**	**Croatia € 000**	**TOTAL € 000**
Total amounts staked:	155,565	98,203	68,601	45,085	**367,454**
-of which: Bets	142,624	93,524	61,741	42,957	**340,846**
-of which: Commissions	12,941	4,679	6,860	2,128	**26,608**
Paid out prizes	(112,281)	(74,917)	(46,343)	(35,711)	**(269,252)**
Gross win from betting	43,284	23,286	22,258	9,374	**98,202**
-of which: online betting	-	3,976	-	-	**3,976**
-of which: retail betting	43,284	19,310	22,258	9,374	**94,226**
Withholding tax paid	-	(4,676)	(6,860)	(2,269)	**(13,805)**
Other revenues	567	-	360	300	**1,227**
Revenue	43,851	18,610	15,758	7,405	**85,624**
Taxation of earnings from betting	(5,885)	-	-	-	**(5,885)**
Gross profit from betting	37,399	18,610	15,398	7,105	**78,512**
-of which: online betting	-	2,897	-	-	**2,897**
-of which: retail betting	37,399	15,713	15,398	7,105	**75,615**
Gross profit margin – betting (%)	24%	19%	22%	16%	

6. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2007	Czech Republic € 000	Slovakia € 000	Poland € 000	Croatia € 000	TOTAL € 000
Total amounts staked:	133,449	69,140	50,305	-	**252,894**
-of which: Bets	121,327	65,624	45,274	-	**232,225**
-of which: Commissions	12,122	3,516	5,031	-	**20,669**
Paid out prizes	(100,086)	(52,821)	(34,341)	-	**(187,248)**
Gross win from betting	33,363	16,319	15,964	-	**65,646**
-of which: online betting	-	1,098	-	-	**1,098**
-of which: retail betting	33,363	15,221	15,964	-	**64,548**
Withholding tax paid	-	(3,282)	(5,031)	-	**(8,313)**
Other revenues	335	-	375	-	**710**
Revenue	33,698	13,037	11,308	-	**58,043**
Taxation of earnings from betting	(3,651)	-	-	-	**(3,651)**
Gross profit from betting	29,712	13,037	10,933	-	**53,682**
-of which: online betting	-	786	-	-	**786**
-of which: retail betting	29,712	12,251	10,933	-	**52,896**
Gross profit margin – betting (%)	22%	19%	22%		

7. PERSONNEL EXPENSES

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Wages and salaries	(20,971)	(21,995)	(15,130)
Social security costs	(6,048)	(6,407)	(4,906)
Directors' remuneration	(631)	(627)	(211)
Other payroll costs	(351)	(540)	(258)
	(28,001)	**(29,569)**	**(20,505)**

Number of employees in the period:

Average number of employees	3,493	3,472	2,863
Managers	11	10	10
Staff	3,482	3,462	2,853

Remuneration of key management personnel of Fortuna Group

Wages and salaries	(694)	(441)	(250)
Social security costs	(100)	(75)	(66)
Total remuneration	**(794)**	**(516)**	**(316)**

8. OTHER OPERATING INCOME

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Gain on sale of fixed assets	1	5	24
Revenues from rental of real estate	452	53	44
Reversal of accruals and provisions	101	205	7
Other income	480	90	51
	1,034	**353**	**126**

9. OTHER OPERATING EXPENSES

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Operating lease expense (Note 30)	(10,832)	(11,107)	(8,592)
Materials and office supplies	(2,653)	(2,520)	(1,752)
Marketing and advertising	(4,052)	(4,211)	(2,617)
Telecommunication costs	(1,561)	(1,464)	(1,041)
Energy and utilities	(1,090)	(979)	(819)
Repairs and maintenance	(899)	(766)	(604)
Taxes and fees to authorities	(490)	(534)	(434)
Bad debt expense	(1,202)	(1,247)	(1,627)
Loss on sale of fixed assets	(34)	(5)	(22)
Others	(3,648)	(4,182)	(2,364)
	(26,461)	**(27,015)**	**(19,872)**

Bad debt expense relates to doubtful VAT receivable from financial authorities in the Czech Republic and to doubtful receivables from former employees for cash desk shortages and thefts.

10. FINANCE COSTS

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Interest on bank loans and other finance costs	(2,936)	(2,794)	(932)
Interest on other debts and borrowings	(1,734)	(2,322)	(3,260)
Finance charges payable under finance lease and hire purchase contracts	-	(8)	-
Foreign exchange losses	(180)	(145)	-
Total finance costs	**(4,850)**	**(5,269)**	**(4,192)**
Interest income on other loans and receivables	2,315	1,700	285
Foreign exchange gains	-	-	66
Total finance income	**2,315**	**1,700**	**351**
Total finance costs, net	**(2,535)**	**(3,569)**	**(3,841)**

11. INCOME TAX

The major components of income tax expense are:

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Current income tax:			
Current income tax charge	2,220	3,870	604
Prior year adjustments	-	-	-
Deferred tax:			
Relating to origination and reversal of temporary differences	202	(275)	111
Income tax expense reported in the statement of income	**2,422**	**3,595**	**715**

A 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 2009, 2008 and 2007 is as follows:

	2009 € 000	2008 € 000	2007 € 000
Accounting profit before income tax	**14,831**	**13,565**	**8,931**
At Dutch statutory income tax rate of 25.5 %	3,782	3,459	2,277
Effect on permanent and other differences	40	35	28
Effect of previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	-	(184)
Unrecognised tax asset from the tax losses incurred	746	4	222
Non deductible tax expenses	6,919	7,325	6,677
Non taxable betting revenues	(8,125)	(7,333)	(7,965)
Goodwill impairment	-	1,113	-
Adjustments in respect to current income tax of previous years	-	-	1
Utilisation of previously unrecognised tax losses	(9)	(15)	(2)
Effect of higher/lower tax rates in other countries	(931)	(993)	(339)
Income tax expense reported in the combined statement of income	**2,422**	**3,595**	**715**
Effective tax rate	16%	27%	8%

Non taxable betting revenues consist of revenues from betting in the Czech Republic. According to Czech legislation, betting revenues are not subject to income tax but are subject to payments on publicly beneficial purposes. For more details see note 4.17.3.

Significant changes of tax paid within the discussed three-year period reflect the changes in tax regime in the Czech Republic. For the part of the financial year ended 31 December 2008 commissions were included in the taxation base for the purpose of corporate income tax calculation. Neither in 2007 nor in 2009 commissions were part of the tax base for the corporate income tax.

11. INCOME TAX (CONTINUED)

Deferred tax

Deferred tax relates to the following:

				Combined statement of financial position as at 1 January			Combined statement of income
	2009	**2008**	**2007**	**2007**	**2009**	**2008**	**2007**
	€ 000	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
Difference between carrying amounts of property, plant and equipment for accounting and tax purposes	(48)	(45)	(4)	(2)	(5)	(40)	(2)
Impairment adjustments and provisions	272	331	143	181	(55)	80	(45)
Tax losses carried forward	430	541	382	405	(113)	180	(49)
Other	122	85	36	50	(29)	55	(15)
Deferred tax income / (expense)					**(202)**	**275**	**(111)**
Deferred tax asset / (liability)	**776**	**912**	**557**	**634**			
Reflected in the statement of financial position as follows:							
Deferred tax asset	776	957	562				
Deferred tax liability	-	(45)	(5)				
Deferred tax asset net	**776**	**912**	**557**				

Reconciliation of deferred tax asset:

	2009	**2008**	**2007**
	€ 000	**€ 000**	**€ 000**
Opening balance as at 1 January	912	557	634
Tax income/expense during the period recognised in profit or loss	(202)	275	(111)
Tax income/expense during the period recognised in equity	69	-	-
Currency translation			
Deferred tax changes - acquisition of subsidiaries	-	119	-
Currency translation	(3)	(39)	34
Closing balance 31 December	**776**	**912**	**557**

Fortuna Group incurred tax losses arising in Croatia in 2008 and 2009 of € 5,823 thousand that are available for set-off against future taxable profits of the Company incurring the losses (i.e. Fortuna sportska kladionica d.o.o.) for 5 years. Of these tax losses of € 5,823 thousand only € 2,147 thousand is recognised in deferred tax assets as there is insufficient certainty that there will be sufficient tax profits to realise the full amount.

12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year attributable to the combined entities' shareholder by the weighted average number of ordinary shares in FEGNV outstanding during the year. For the purpose of these combined financial statements the number of ordinary shares in FEGNV issued on incorporation of the Company on 5 November 2009 (and on 31 December 2009) was also used for 2007 and 2008 for comparative purposes.

There were no dilutive potential ordinary shares at 31 December 2009. 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*:*

	2009	**2008**	**2007**
	€ 000	**€ 000**	**€ 000**
Net profit attributable to ordinary equity holders of the parent for basic earnings	12,409	10,201	8,216
Weighted average number of ordinary shares for basic earnings per share	4,500	4,500	4,500

Statement of income

	2009	**2008**	**2007**
	€	**€**	**€**
Earnings per share	2,758	2,267	1,826

No other transactions involving ordinary shares or potential ordinary shares took place between the reporting date and the date of completion of these non-statutory combined financial statements.

13. GOODWILL

	Goodwill € 000
At 1 January 2007	**50,466**
Reduction in goodwill	-
Additions arising on acquisition of subsidiaries	-
Currency translation	1,659
At 31 December 2007	**52,125**
Impairment of goodwill:	
At 1 January 2007	**-**
Impairment for the year	-
Currency translation	-
At 31 December 2007	**-**
Carrying amount at 31 December 2007	**52,125**
Carrying amount at 1 January 2007	50,466
At 1 January 2008	**52,125**
Reduction in goodwill	(5,050)
Additions arising on acquisition of subsidiaries	7,121
Currency translation	(227)
At 31 December 2008	**53,969**
Impairment of goodwill:	
At 1 January 2008	**-**
Impairment for the year	(4,366)
Impairment on acquisition of subsidiaries	-
Currency translation	-
At 31 December 2008	**(4,366)**
Carrying amount at 31 December 2008	**49,603**
At 1 January 2009	**53,969**
Reduction in goodwill	
Additions arising on acquisition of subsidiaries	
Currency translation	823
At 31 December 2009	**54,792**
Impairment of goodwill:	
At 1 January 2009	**(4,366)**
Impairment for the year	-
Impairment on acquisition of subsidiaries	-
Currency translation	-
At 31 December 2009	**(4,366)**
Carrying amount at 31 December 2009	**50,426**

13. GOODWILL (CONTINUED)

The reduction of goodwill of € 5,050 thousand resulted from changes to the contingent consideration payable to the sellers/previous owners of the subsidiary Fortuna Sazkova Kancelar, a.s.

On acquisition of the subsidiary in 2005, the fair value of the consideration was calculated based on certain conditions which at that time, were uncertain relating to the timing of payment and future taxes of the subsidiary. In 2008, the contingent conditions established at the acquisition date changed as it was established that the subsidiary was exposed to additional tax risks. Furthermore, the timing and amount of part of the deferred consideration also changed. Fortuna Group revised its estimate of the present value of the outstanding deferred consideration based on the new conditions and reduced the goodwill and payable to sellers/previous owners of the subsidiary by € 5,050 thousand.

Goodwill arising from a business combination is allocated upon acquisition to each of Fortuna Group's cash generating units (CGUs) that are expected to benefit from the synergies of the business combination. Details of goodwill arising during the periods are shown in the note "Business combination".

The recoverable amounts of the CGUs are determined from 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 per branch 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.

Cash flow projections cover periods of four years and are discounted using the pre-tax discount rate of 13.56% for the Czech Republic and 15.1 % for Croatia. Cash flows beyond the four-year period are extrapolated using a 5.1% growth rate which is currently the estimated growth for the betting business.

The carrying amount of goodwill has been allocated as follows:

Carrying amount of goodwill allocated to segments

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000	1.1.2007 € 000
Czech Republic	47,671	46,848	52,125	50,466
Croatia	2,755	2,755	-	-
	50,426	**49,603**	**52,125**	**50,466**

Fortuna Group tests goodwill annually 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.

14. INTANGIBLE ASSETS

	Software	Brand Name	Other intangible fixed assets	Total
	€ 000	€ 000	€ 000	€ 000
At 1 January 2007	**165**	**5,949**	**5**	**6,119**
Additions	206	-	2	208
Disposals	-	-	-	-
Additions arising on acquisition of subsidiaries	-	-	-	-
Currency translation	14	196	-	210
At 31 December 2007	**385**	**6,145**	**7**	**6,537**
Accumulated amortisation:				
At 1 January 2007	**98**	**-**	**4**	**103**
Amortization for the year	42	-	3	44
Disposals	-	-	-	-
Currency translation	9	-	-	9
At 31 December 2007	**149**	**-**	**7**	**156**
Carrying amount at 31 December 2007	**236**	**6,145**	**-**	**6,381**
Carrying amount at 1 January 2007	67	5,949	-	6,016
At 1 January 2008	**385**	**6,145**	**7**	**6,537**
Additions	430	-	12	442
Disposals	(21)	-	-	(21)
Additions arising on acquisition of subsidiaries	15	-	-	15
Currency translation	(42)	(71)	-	(113)
At 31 December 2008	**767**	**6,074**	**19**	**6,860**
Accumulated amortisation:				
At 1 January 2008	**148**	**-**	**7**	**155**
Amortisation for the year	146	-	3	149
Disposals	(21)	-	-	(21)
Transfers	-	-	-	-
Currency translation	(18)	-	1	(17)
At 31 December 2008	**255**	**-**	**11**	**266**
Carrying amount at 31 December 2008	**512**	**6,074**	**8**	**6,594**
Carrying amount at 1 January 2008	236	6,145	-	6,381
At 1 January 2009	**767**	**6,074**	**19**	**6,860**
Additions	830	-	4	834
Disposals	(4)	-	-	(4)
Additions arising on acquisition of subsidiaries	-	-	-	-
Currency translation	13	108	-	121
At 31 December 2009	**1,606**	**6,182**	**23**	**7,811**
Accumulated amortisation:				
At 1 January 2009	**255**	**-**	**11**	**266**
Amortisation for the year	265	-	7	272
Disposals	(4)	-	-	(4)
Transfers	-	-	-	-
Currency translation	5	-	-	5
At 31 December 2009	**521**	**-**	**18**	**539**
Carrying amount at 31 December 2009	**1,085**	**6,182**	**5**	**7,272**
Carrying amount at 1 January 2009	**512**	**6,074**	**8**	**6,594**

14. INTANGIBLE ASSETS (CONTINUED)

Upon acquisition of the subsidiary Fortuna sazkova kancelar, a.s., which operates in the Czech Republic, the Combined Group recognised an 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 in 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 was € 6,182 thousand as at 31 December 2009 (2008: € 6,074 thousand, 2007: € 6,144 thousand). The movement in the carrying amount represents foreign exchange gains due to the appreciation of the Czech crown against the euro.

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 discounted cash flow techniques and the "Royalty relief method", and using projected financial results. The valuation model used a discount rate of 13.91% per annum, a royalty rate of 4%, average annual growth rate of 1.7% for the next five years and a growth of 5.1% per annum in subsequent years.

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.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings € 000	Plant and Equipment € 000	Other assets € 000	Assets not yet in use € 000	Total € 000
Cost					
At 1 January 2007	**1,677**	**8,787**	**14**	**67**	**10,545**
Additions	-	772	-	773	1,545
Disposals	(23)	(1,525)	-	(240)	(1,788)
Additions arising on acquisition of subsidiaries	-	-	-	-	-
Transfers	52	342	-	(392)	2
Currency translation	70	366	-	10	446
At 31 December 2007	**1,776**	**8,742**	**14**	**218**	**10,750**
Accumulated depreciation:					
At 1 January 2007	**511**	**6,781**	**-**	**-**	**7,292**
Depreciation charge for the year	137	1,187	-	-	1,324
Disposals	(10)	(1,484)	-	-	(1,494)
Transfers	-	-	-	-	-
Currency translation	23	287	-	-	310
At 31 December 2007	**661**	**6,771**	**-**	**-**	**7,432**
Carrying amount at 31 December 2007	**1,115**	**1,971**	**14**	**218**	**3,318**
Carrying amount at 1 January 2007	1,166	2,006	14	67	3,253
Cost					
At 1 January 2008	**1,776**	**8,742**	**14**	**218**	**10,750**
Additions	-	1,775	-	1,043	2,818
Disposals	(840)	(790)	-	(265)	(1,895)
Additions arising on acquisition of subsidiaries	811	513	-	-	1,324
Transfers	126	311	-	(437)	-
Currency translation	(50)	(293)	-	(38)	(381)
At 31 December 2008	**1,823**	**10,258**	**14**	**521**	**12,616**
Accumulated depreciation:					
At 1 January 2008	**661**	**6,771**	**-**	**-**	**7,432**
Depreciation charge for the year	186	1,675	-	-	1,861
Disposals	(46)	(782)	-	-	(828)
Transfers	-	-	-	-	-
Currency translation	(17)	(233)	-	-	(250)
At 31 December 2008	**784**	**7,431**	**-**	**-**	**8,215**
Carrying amount at 31 December 2008	**1,039**	**2,827**	**14**	**521**	**4,401**
Carrying amount at 1 January 2008	1,115	1,971	14	218	3,318

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and Buildings € 000	Plant and Equipment € 000	Other assets € 000	Assets not yet in use € 000	Total € 000
Cost					
At 1 January 2009	**1,823**	**10,258**	**14**	**521**	**12,616**
Additions	89	1,940	-	1,916	3,945
Disposals	(57)	(254)	-	(479)	(790)
Additions arising on acquisition of subsidiaries	-	-	-	-	-
Transfers	138	940	-	(1,078)	-
Currency translation	26	134	-	29	189
At 31 December 2009	**2,019**	**13,018**	**14**	**909**	**15,960**
Accumulated depreciation:					
At 1 January 2009	**784**	**7,431**	**-**	**-**	**8,215**
Depreciation charge for the year	184	2,133	-	-	2,317
Disposals	(57)	(188)	-	-	(245)
Transfers	-	-	-	-	-
Currency translation	12	94	-	-	106
At 31 December 2009	**923**	**9,470**	**-**	**-**	**10,393**
Carrying amount at 31 December 2009	**1,096**	**3,548**	**14**	**909**	**5,567**
Carrying amount at 1 January 2009	1,039	2,827	14	521	4,401

16. CURRENT RECEIVABLES

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Current receivables			
Receivables from related parties	127	841	-
Advance payments and deposits	282	445	319
Other receivables (current)	393	463	369
	802	**1,749**	**688**

For terms and conditions relating to related party receivables, refer to note 29.

Other receivables includes receivables from former or current employees in the Czech Republic which are stated net of a provision of € 391 thousand in 2009 (2008 – € 279 thousand, 2007 – € 252 thousand) and, interest receivable on bank deposits and other receivables.

As at 31 December 2009, the provision for impairment of other receivables initially amounted to € 207 thousand (2008: € 186 thousand, 2007: € 81 thousand). See the table below for the movements in the provision for impairment of receivables.

16. CURRENT RECEIVABLES (CONTINUED)

Movement in the provision for impairment of receivables	Individually impaired € 000
At 1 January 2007	**103**
Amount written off during the year	(58)
Amounts recovered during the year	(7)
Charge for the year	40
Currency translation	3
At 31 December 2007	**81**
At 1 January 2008	81
Amount written off during the year	(26)
Amounts recovered during the year	(17)
Charge for the year	156
Currency translation	(8)
At 31 December 2008	**186**
At 1 January 2009	186
Amount written off during the year	-
Amounts recovered during the year	(3)
Charge for the year	21
Currency translation	3
At 31 December 2009	**207**

The following table relates to ageing of current receivables. There are no other financial assets that are past due but not impaired. As at 31 December 2009, 2008 and 2007 most of the receivables were neither past due nor impaired.

€ 000	Neither past due nor impaired	Past due but not impaired <30 days	31 - 60 days	61 - 90 days	91 - 120 days	>121 days	Total
31 December 2009	775	23	2	2	-	-	**802**
31 December 2008	1,744	1	-	-	4	-	**1,749**
31 December 2007	687	-	-	-	1	-	**688**

17. OTHER ASSETS

Other non-current assets	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Advance payments and security deposits	546	414	322
Other	-	371	-
	546	**785**	**322**

Advance payments and security deposits consist mostly of rental deposits paid for rent of Fortuna branches.

Other current assets	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Marketing materials	-	19	20
Merchandise inventory	38	25	64
Office materials and others	172	182	59
Prepayments	743	740	484
	953	**966**	**627**

18. RESTRICTED CASH

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Restricted cash	3,584	2,978	673

Fortuna Group has limited access to cash deposits made with banks. The funds are blocked in accordance with the Gaming regulations of Slovak 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 state and betters to a special bank account. The Company can only withdraw the security upon approval from the state authorities once the gaming activity terminates.

19. CASH AND CASH EQUIVALENTS

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Cash at bank	19,512	15,046	17,080
Short-term deposits	10	248	91
Cash in hand and in transit	2,044	2,510	3,106
Cash and cash equivalents	**21,566**	**17,804**	**20,277**

Cash at banks bears interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of Fortuna Group, and bear interest at the respective short-term deposit rates.

Short-term deposits are classified as a cash equivalent only if they have terms to maturity of three months or less.

At 31 December 2009, Fortuna Group had undrawn committed borrowing facilities of € 6,807 thousand (2008: € 3,713 thousand; 2007: € 7,513 thousand) for which all conditions set had been met.

Fortuna Group has pledged € 757 thousand of its cash in bank deposits as security for bank loans.

Bank deposits

This item relates to bank deposits made at 31 July 2009 (30 May 2008) and due at 31 December 2009 (31 December 2008). The interest rate was 5%. The amount was € 755 thousand as at 31 December 2009 (2008: € 746 thousand).

20. DERIVATIVES

At 31 December 2009, Fortuna Group had interest rate swap agreements in place for a total notional amount of € 39,249 thousand with Fortuna Group receiving a variable rate of 3M PRIBOR/EURIBOR and pays a 3.04% fixed rate determined every 3 months on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its variable interest bank loans.

Interest rate swaps	31.12.2009 € 000 Liabilities
Cash flow hedges	(746)
Total cash flow hedges	**(746)**

20. DERIVATIVES (CONTINUED)

A portion of the cash flow hedges of the variable rate bank loans was assessed to be effective. The net unrealised loss of € 365 thousand, with a deferred tax asset of € 69 thousand relating to the hedging instruments included in equity.

Fortuna Group was not in compliance with credit contract covenants related to the syndicated bank loans as at 31 December 2009, therefore the loans were classified as current and the related hedge considered to be ineffective. The portion of the unrealised loss related to the hedges which is ineffective together with the decrease in fair value of the interest rate swap of € 381 thousand (2008: Nil, 2007: Nil) is recognised in finance costs and set off against the lower interest on debts and borrowings.

21. ISSUED CAPITAL AND RESERVES

Authorised shares

The authorised capital of FEGNV amounts to € 225,000 and consists of 22,500 ordinary shares with a nominal value of €10 each.

At 31 December 2009 the issued and paid up share capital of the Company according to the shareholders register can be broken as follows:

	amount of shares	per value per share (€)	Value € 000	%
Penta Investments Ltd.,Cyprus	4,500	10	45	100

Share premium

During 2009 FEGNV's sole shareholder contributed cash for an amount of € 64,599 to fund the acquisition of Riverhill a.s., Fortuna Kladionica d.o.o. and Fortuna Win Ltd. by FEGNV. As FEGNV applies the pooling of interest method, the purchase price related to these acquisitions is deducted from equity,

Net assets attributable to combined entities' shareholder

Net assets attributable to the combined entities' shareholder, represents total equity of the entities which form part of the combined financial statements, but were not legally owned by FEGNV. As per 31 December 2009, this only represents the total equity of Fortuna SK, including its subsidiaries and Fortuna zaklady bukmacherskie SP, z o.o. as Riverhill a.s., Fortuna Sportska Kladionica d.o.o. and Fortuna Win Ltd. and subsidiaries were acquired in 2009 and therefore legally owned by FEGNV as at 31 December 2009. The below table, shows the movements in the net assets attributable to the combined entities shareholder.

	€ 000
Equity of Fortuna zaklady bukmacherskie Sp, z.o.o.	(1,681)
Equity of Riverhill (including subsidiaries)	(2,847)
Equity of Fortuna SK, a.s. (including subsidiaries)	(762)
Total net assets attributable to combined entities' shareholder at 1 January 2007	**(5,290)**
Profit for the year 2007	8,216

Capital contribution into Riverhill by Slovenské investičné družstvo (Penta Group)	9,003
Total net assets attributable to combined entities' shareholder at 31 December 2007	**11,929**
Total net assets attributable to combined entities' shareholder at 1 January 2008	**11,929**
Profit for the year 2008	10,201
Dividend paid to combined entities' shareholder	(1,600)
Acquisition of Fortuna Sportska Kaldionica d.o.o.	7,637
Total net assets attributable to combined entities' Shareholder at 31 December 2008	**28,167**
Total net assets attributable to combined entities' Shareholder at 1 January 2009	**28,167**
Dividend paid to combined entities' shareholder	(410)
Transfer of net assets Czech entities to the share premium	(26,727)
Transfer of net assets of the Croatian entity to the share premium	2,724
Other comprehensive income of the combined entities	(296)
Reclassification to the foreign currency translation reserve	324
Profit for the year of the combined entities	12,829
Total net assets attributable to combined entities' Shareholder at 31 December 2009	**16,611**

Statutory reserve

In accordance with Czech commercial law, companies are required to form an undistributable statutory reserve for contingencies against possible future losses and other events.

Contributions must be at least 20% of after-tax profit in the first year in which profits are made and 5% 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 these undistributable funds.

Net unrealised gains reserve

The net loss on cash flow hedges during the year, recognised in equity was € 365 thousand, net of tax effect of € 69 thousand, i.e. € 296 thousand (2008: nil, 2007: nil) and is presented under net assets attributable to combined entities' shareholder.

<u>Nature and purpose of reserves</u>

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.

22. DIVIDENDS PAID AND PROPOSED

In 2008, the Company Fortuna SK, a.s. paid a dividend of € 1,600 thousand to its shareholder Penta Investment Ltd.

In 2009, the Company Fortuna zakłady bukmacherskie Sp. z o.o. paid a total dividend of € 410 thousand to its shareholders Penta Investment Ltd., Lunga Enterprises Ltd. and Massarosa Holdings Ltd.

Declared and paid during the year:	2009 € 000	2008 € 000
Dividend for 2007	-	1,600
Dividend for 2008	410	-
Total	**410**	**1,600**

Distributable funds are based on the company only financial statements of the individual companies.

23. FAIR VALUES

Fair value hierarchy

As at 31 December 2009, Fortuna Group had derivative contract measured at fair value of € 746 thousands.

Fortuna Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Financial instruments	31.12.2009 € 000	Level 1 € 000	Level 2 € 000	Level 3 € 000
Interest rate swaps	(746)	-	(746)	-

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 2009	Carrying amount € 000	Fair value € 000
Assets		
Related party loans	28,257	28,257
Restricted cash	3,584	3,584
Other non-current assets	546	546
Current receivables	802	802
Cash and cash equivalents	21,566	21,566
Liabilities		
Long-term bank loans	18,848	18,848
Related party loans	7,550	7,550
Other non-current liabilities	2,578	2,578
Trade and other payables	20,750	20,750
Derivatives	746	746
Short-term bank loans and overdrafts	-	-
Current portion of long-term bank loans	20,681	20,681

23. FAIR VALUES (CONTINUED)

31 December 2008	Carrying amount € 000	Fair value € 000
Assets		
Related party loans	26,326	26,326
Restricted cash	2,978	2,978
Other non-current assets	785	785
Current receivables	1,749	1,749
Cash and cash equivalents	17,804	17,804
Liabilities		
Long-term bank loans	38,931	38,931
Related party loans	2,424	2,424
Other non-current Liabilities	13,047	13,047
Trade and other payables	14,596	14,596
Derivatives	-	-
Short-term bank loan and overdrafts	271	271
Current portion of long-term bank loans	5,281	5,281

31 December 2007	Carrying amount € 000	Fair value € 000
Assets		
Related party loans	-	-
Restricted cash	673	673
Other non-current assets	322	322
Current receivables	688	688
Cash and cash equivalents	20,277	20,277
Liabilities		
Long-term bank loans	989	989
Related party loans	14,115	14,115
Other non-current Liabilities	26,309	26,309
Trade and other Ppayables	10,572	10,572
Derivatives	-	-
Short-term bank loan and overdrafts	14,415	14,415
Current portion of long-term bank loans	422	422

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, trade receivables, trade payables, and other current liabilities approximate their carrying 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, 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 2009, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

23. FAIR VALUES (CONTINUED)

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.

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.

24. PROVISIONS

	Employee bonuses € 000	Provision for tax risks € 000	Other provisions € 000	Total € 000
At 1 January 2009	**484**	**481**	**133**	**1,098**
Arising during the year	2	-	59	61
Utilised	(457)	(141)	(77)	(675)
Discount rate adjustment	-	40	-	40
Acquisition of a subsidiary	-	-	-	-
Currency translation	6	3	(1)	8
At 31 December 2009	**35**	**383**	**114**	**532**
Short-term part of the provision	35	-	59	94
Long-term part of the provision	-	383	55	438
At 31 December 2009	**35**	**383**	**114**	**532**
At 31 December 2008				
Short-term part of the provision	450	-	79	529
Long-term part of the provision	34	481	54	569
At 31 December 2008	**484**	**481**	**133**	**1,098**

Employee bonuses

The Company has formed a provision for employee bonuses. The exact amount is uncertain as it is subject to management approval after the balance sheet date.

Provision for tax risks

The Company has several tax issues concerning value added tax, personal income tax and contributions and corporate income tax in Croatia with possible liabilities resulting from expected cash settlements with uncertain timing. The amount provided for is a best estimate of the amount which should be paid in the future, taking into account Croatian tax legislation.

25. BANK LOANS

Long-term bank loans	Currency	Effective interest rate	Security	Maturity	2009 € 000	2008 € 000	2007 € 000
Bank loan	CZK	1M PRIBOR+1.55% p.a.*	Letter of Comfort issued by Penta Holding Limited	2010	-	-	1,384
Syndicated bank loan A	CZK	3M PRIBOR + 2.45% **	shares of Sazkova kancelar Fortuna, a.s.; pledged on bank account	2012	6,766	8,878	-
Syndicated bank loan B - facility A	CZK	3M PRIBOR + 2.85% **	shares of Sazkova kancelar Fortuna, a.s.; pledged on bank account	2013	5,015	6,167	-
Syndicated bank loan B - facility B	CZK	3M PRIBOR + 3.15% **	shares of Sazkova kancelar Fortuna, a.s.; pledged on bank account	2014	5,642	5,548	-
Bank loan - facility A	EUR	3M EURIBOR + 2.75%	shares, receivables from intercompany transactions, bank accounts and bill of exchange	2013	9,822	10,451	
Bank loan – facility B	EUR	3M EURIBOR + 2.95%	shares, receivables from intercompany transactions, bank accounts and bill of exchange	2014	5,144	5,477	
Bank loan – facility C	EUR	3M EURIBOR + 3.35%	shares, receivables from intercompany transactions, bank accounts and bill of exchange	2014	6,859	7,301	
Finance lease	PLN				62	90	27
Finance lease	HKR				38	53	
Finance lease	CZK				181	247	
					39,529	44,212	1,411
of which current portion					20,681	5,281	422
Total long-term loans					**18,848**	**38,931**	**989**
Short-term bank loans							
Bank loan - other investment	CZK	12M PRIBOR +2.75%	shares of Fortuna sazkova kancelar, a.s. and Alicela, pledged on bank account and guarantee of Penta Holding Limited	2010*	-	-	11,672
Bank loan	CZK	5.00 % p.a.	None	2008	-	-	2,465
Bank loan	PLN	WIBOR + 1.5%	None	2008	-	-	278
Karlovačka banka d.d.	HRK	5% variable	None	2009	-	271	-
Total short-term loans					**-**	**271**	**14,415**

* The loan was granted in 2006 and fully repaid in 2008 before falling due.

** Fortuna Group was not in compliance with credit contract covenants related to the syndicated bank loans as at 31 December 2009, with the loans being classified as current as a result. The covenant relates to a minimum cash balance for Fortuna sázková kancelář a.s. which amounted to CZK 200 million.

26. TRADE AND OTHER PAYABLES (CURRENT)

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Trade and other payables (current)			
Trade accounts and notes payable	(2,547)	(2,072)	(1,500)
Payables to related parties	(17)	(13)	-
Liability arising from acquisition of subsidiary	(14,072)	(9,733)	(7,654)
Wages and salaries payable	(1,746)	(1,903)	(1,462)
Social security and health contributions payable	(661)	(288)	(280)
Taxation on earning from betting and others	(4,350)	(3,922)	(3,075)
Unpaid wins	(1,577)	(1,080)	(653)
Other deferred income and accrued expenses	(1,894)	(1,226)	(434)
Received deposits	(63)	(53)	(27)
Other payables and estimated accounts payable	(580)	(419)	(304)
	(27,507)	**(20,709)**	**(15,389)**

The liability arising from the acquisition of a subsidiary represents the short term portion of the unpaid purchase price of the Company Fortuna sázková kancelář a.s. (see note 28).

Unpaid wins and open bets are accounted for as derivatives. As these financial instruments are not quoted on an active market and no observable data is available, the fair value of these financial instruments are 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 and unpaid wins are paid out within a short time frame after year end and as a result the difference between the fair value of these financial instruments as of year end and the fair value as of the actual pay out date is deemed immaterial. Therefore the Company determined the fair value on the actual consideration on the pay out date. For that reason no reconciliation of beginning and ending balance disclosing the changes to the period is presented. Open bets at year end are included in deferred income.

27. OTHER NON CURRENT LIABILITIES

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Other non current liabilities			
Liability arising from acquisition of subsidiary	-	(13,041)	(26,306)
Loan from former shareholder of Fortuna sázková kancelář a.s	(2,578)	-	-
Other long term liabilities	-	(6)	(3)
	(2,578)	**(13,047)**	**(26,309)**

The liability arising from the acquisition of a subsidiary represents the unpaid portion of the purchase price of Fortuna sázková kancelář a.s. which is due in instalments until May 2010. This liability was discounted using the effective interest rate method. This interest rate was determined at 5.56% per annum at the time the liability arose.

28. RELATED PARTY DISCLOSURES

The combined financial statements include the following companies (together “Fortuna Group”):

Combined entities	Country of incorporation	Nature of activity
Fortuna Entertainment 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

The following table lists the total amounts relating to transactions entered into with related parties for the relevant financial year:

Combined statement of financial position	31.12.2009	31.12.2008	31.12.2007
	€ 000	€ 000	€ 000
Receivables from related parties			
Fortuna Park s.r.o.	127	-	-
Equinox Investments B.V.	-	841	-
Total receivables from related parties	**127**	**841**	**-**
Payables to related parties			
DÔVERA zdravotná poisťovňa, a.s..	8	7	-
APOLLO zdravotná poisťovňa, a.s.	6	6	-
Penta Investments, s.r.o.	1	-	-
Penta Investment limited	2	-	-
Total payables to related parties	**17**	**13**	**-**
Cash in related parties			
Privatbanka	29	27	5,635
Total cash in related parties	29	27	5,635

The receivable from Fortuna Park s.r.o. relates to the prepayment of services by FEGNV to Fortuna Park s.r.o. The receivable from Equinox Investments B.V. is a short term loan provided by Fortuna Group.

The payables to Dovera zdravotna poistovna, a.s. and Apollo zdravotna poistovna, a.s. relates to insurance payments. The payables to Penta investments, s.r.o. and Penta Investments limited relates to re-invoiced services.

28. RELATED PARTY DISCLOSURES (CONTINUED)

Combined statement of income	1.1.2009-31.12.2009 € 000	1.1.2008-31.12.2008 € 000	1.1.2007-31.12.2007 € 000
Sales to related parties			
Fortuna Park, s.r.o.	2	12	-
Equinox Investments B.V.	70	-	-
Total sales to related parties	**72**	**12**	**-**
Interest from related parties			
Penta Investments Limited	2,077	1,006	-
Total interest from related parties	**2,077**	**1,006**	**-**
Purchases from related parties			
Penta Investment limited	406	4	4
Clanton a.s.	-	86	16
Penta Investments, s.r.o.	9	-	-
Slovenské investičné dr.	6	423	1,220
DÔVERA zdravotná poisťovňa, a.s.	61	57	51
APOLLO zdravotná poisťovňa, a.s.	47	45	29
Equinox Investments B.V.	51	-	-
Total purchases from related parties	**580**	**615**	**1,320**

Both long term and short term related party loans are provided for within Penta Investment Group.

The sales to and purchases from related parties are conducted at normal market prices. Outstanding balances at year end are unsecured, interest free, with settlement being in cash. No guarantees have been provided or received for any related party receivables or payables. For the year ended 31 December 2009, 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 the financial position of the related party and the market in which the related party operates.

Sales and expenses from related parties relates mainly to interests on loans.

Related party loans – receivable

Long-term related party loans	Currency	Effective interest rate	Maturity	2009 € 000	2008 € 000	2007 € 000
Penta Investments Limited	SKK	3M PRIBOR + 3.5%	2014	28,257	26,326	-
				28,257	26,326	-
of which current portion				-	2,110	-
Total long-term related party loans				**28,257**	**24,216**	
Short-term related party loans						
Current portion of long-term loans				-	2,110	-
Total short-term related party loans				**-**	**2,110**	**-**

28. RELATED PARTY DISCLOSURES (CONTINUED)

Related party loans - payable

Long-term related party loans	Currency	Effective interest rate	Maturity	2009 € 000	2008 € 000	2007 € 000
Clanton, a.s.	CZK	12M PRIBOR + 2%	2008	-	-	696
Clanton, a.s.	CZK	12M PRIBOR + 2%	2008	-	-	106
Slovenske investicni druzstvo	CZK	6.39% p.a.	2009	-	-	5,814
Slovenske investicni druzstvo	CZK	12M PRIBOR + 3.5%	2011	-	-	7,499
Penta Investment Limited	CZK	12M PRIBOR + 2.5%	2013	7,550	-	-
				7,550	-	14,115
of which current portion				-	-	8,791
Total long-term related party loans				**7,550**	**-**	**5,324**
Short-term related party loans						
Current portion of long-term loans	CZK			-	-	8,791
Penta Investments Limited	CZK	12M PRIBOR + 2.5%	2008	-	1 734	-
Slovenske investicni druzstvo	CZK	12M PRIBOR + 3.5%	2009	-	690	-
Equinox Investment B.V.	HRK	12M EURIBOR + 3.5%	2010	617	-	-
Total short-term related party loans				**617**	**2,424**	**8,791**

29 COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

Operating leases mainly relate to buildings with lease terms of between three to ten years. All operating lease contracts contain market review clauses in the event that Fortuna Group exercises its option to renew. The Company does not have an option to purchase the leased assets at expiry of the lease period.

Fortuna Group has also entered into lease agreements on certain motor vehicles and items of machinery. These leases have a useful life of three years with no renewal option included in the contracts. No restrictions have been placed upon Fortuna Group when entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2009 € 000	2008 € 000	2007 € 000
Instalments due within one year	4,457	4,029	4,073
Instalments due between two and five years	12,429	11,001	1,480
Instalments due after more than five years	16,568	14,194	-
Operating lease expense (Note 9)	(10,832)	(11,107)	(8,592)

29. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Finance lease and hire purchase commitments

Fortuna Group has entered into finance leases and hire purchase contracts for various items of machinery and vehicle. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases and hire purchase contracts including the present value of the net minimum lease payments can be broken down as follows:

	2009	2008	2007
	€ 000	€ 000	€ 000
Within one year	166	171	12
After one year but not more than five years	87	247	17
More than five years	-	-	-
Total minimum lease payments	**253**	**418**	**29**
Future finance charges on finance leases	(13)	(29)	(2)
Present value of finance lease payments	**240**	**389**	**27**
Carrying amount of assets under finance leases	**238**	**413**	**26**

30 BUSINESS COMBINATIONS

Acquisition of Fortuna Sportska Kladionica d.o.o.

On 7 January 2008, a subsidiary of the combined entities' shareholder, Equinox BV, acquired an 80% interest in Fortuna Sportska Kladionica d.o.o., a company registered in Croatia and engaged in the provision of betting and gaming services. The acquisition price amounted to € 6,091 thousand. The acquisition agreement entitled Equinox BV to acquire an additional 20% non-controlling interest until 21 March 2009. In November 2008, Equinox BV exercised the option and acquired an additional 10% interest in Fortuna Sportska Kladionica d.o.o., for a consideration of € 1,546 thousand. The option to acquire the remaining 10% interest in Fortuna Sportska Kladionica d.o.o. was not exercised and lapsed. The subsidiary generated revenues of € 45,378 thousand and incurred a loss of € 1,732 thousand during the post acquisition period ended 31 December 2008. Fortuna Sportska Kladionica d.o.o. was acquired from Equinox BV by FEGNV on 18 December, 2009. As FEGNV elected to apply pooling of interest for transactions under common control, the comparative figures reflect the financial information of Fortuna Sportska Kladionica d.o.o. as at the date it became under common control, which is the acquisition date.

30. BUSINESS COMBINATIONS (CONTINUED)

At the acquisition date the carrying amounts and fair value of the separately identifiable assets and liabilities of Fortuna Sportska Kladionica d.o.o. and goodwill on acquisition was as follows:

	Carrying amount € 000	Fair value € 000
Property, plant and equipment	1,324	1,324
Intangibles	15	15
Derivative financial instruments	26	26
Inventories	8	8
Trade and other receivables	172	172
Cash and cash equivalents	1,638	1,638
Deferred tax	119	119
Borrowings	(302)	(302)
Creditors and accruals	(710)	(710)
Deferred revenue	-	(60)
Provisions	(621)	(621)
Taxation	(214)	(214)
Dividend pay-out of pre-acquisition reserves	(639)	(639)
Net identifiable assets and liabilities	**816**	**756**
Share of net assets acquired		516
Goodwill		7,121
Purchase consideration		**7,637**
Net cash outflow arising on acquisition:		
Cash consideration paid		(7,637)
Cash and cash equivalents acquired		1,638
Net cash outflow		**(5,999)**

Equinox B.V. paid a premium for the acquisition of Fortuna Sportska Kladionica d.o.o., being the difference between the acquisition price and the fair value of the net assets acquired. This premium was paid for the market share acquired as a result of this acquisition and the attractiveness of the sports betting market in Croatia.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fortuna Group’s principal financial instruments, other than derivatives, comprise bank loans, overdrafts, related party 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 transactions 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 of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency riskand other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2009, 2008 and 2007.

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 at 31 December 2009.

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 income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2009 and 2008 including the effect of hedge accounting.

It is, and has been throughout the year under review, Fortuna Group’s policy 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 the interest rate risk by having a balanced portfolio of fixed and variable rate loans. Fortuna Group's policy for the year ended 31 December 2009 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 reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2009, after taking into account the effect of the interest rate swaps eligible for hedge accounting, approximately 55% of Fortuna Group’s borrowings are at a fixed rate of interest.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 a 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.

The exchange risk is kept at an acceptable level since the majority of operations is carried out within operating companies and hence any movement of currency rates of their functional currencies against each other and the euro (e.g Czech Korunas, Polish Zloty, Croatian Kuna) do not give rise to significant exchange risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Fortuna Group. Credit risk arises from cash and cash equivalents, trade receivables and loans.

From its core business substance, Fortuna Group's exposure to credit risk is limited since the vast majority of sales is carried out on the basis of prepayments made by customers. The marginal part of the pre-payments is executed by credit cards, where management adopts monitoring and credit control policy which minimise 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 creditworthy 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 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. At 31 December 2009, there were undrawn committed borrowing facilities of € 6,807 thousand (2008: € 3,713 thousand; 2007: € 7,513 thousand). Total committed facilities had an average maturity of 5,3 years in 2009 (2008: 5,2 years; 2007: 4,2 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 cash from the bank when and if needed.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk profile

The table below summarises the maturity profile of Fortuna Group's financial liabilities at 31 December 2007 – 2009 based on contractual undiscounted payments.

As at 31 December 2009	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Trade and other payables	27,821	-	-	-	27,821
Bank loans and finance lease	21,296	7,105	14,181	-	42,582
Related party loans	617	-	8,747	-	9,364
Derivatives (swaps)	757	949	1,675	-	3,381
Other non current liabilities	-	-	3,451	-	3,451
	50,491	**8,054**	**28,054**	**-**	**86,599**
As at 31 December 2008					
Trade and other payables	20,924	-	-	-	20,924
Bank loans and finance lease	7,189	15,785	12,572	18,757	54,303
Related party loans	2,424	-	-	-	2,424
Other non current liabilities	-	11,358	1,857	928	14,143
	30,537	**27,143**	**14,429**	**19,685**	**91,794**
As at 31 December 2007					
Trade and other payables	15,550	-	-	-	15,550
Bank loans and finance lease	14,837	989	-	-	15,826
Related party loans	8,791	5,324	-	-	14,115
Other non current liabilities	-	22,804	3,757	3,757	30,318
	39,178	**29,117**	**3,757**	**3,757**	**75,809**

On 17 March 2010 the Combined Group entered into the refinancing agreements with Česká Spořitelna, a.s. (see Note 33) which stipulates repayment of all bank loans drawn as at 31 December 2009.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 in interest rate by	Effect on profit before tax € 000
2009		
CZK	1%	76
SKK	1%	-
PLN	1%	-
HKR	1%	6
		82
2008		
CZK	1%	230
SKK	1%	105
PLN	1%	-
HKR	1%	3
		338
2007		
CZK	1%	97
SKK	1%	-
PLN	1%	-
HKR	1%	-
		97

Foreign currency risk sensitivity

The following table demonstrates the sensitivity to a change in the foreign exchange rates, with all other variables held constant, of Fortuna Group's profit before tax and equity arising from the translation of the foreign operations.

As of 31 December 2009:

Increase in exchange rate by 1%	Effect on equity € 000
CZK/EUR	267
SKK/EUR	142
HRK/EUR	(55)
PLN/EUR	24

As of 31 December 2008:

Increase in exchange rate by 1%	Effect on equity € 000
CZK/EUR	183
SKK/EUR	70
HRK/EUR	(9)
PLN/EUR	10

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

As of 31 December 2007:

Increase in exchange rate by 1%	Effect on equity € 000
CZK/EUR	113
SKK/EUR	23
HRK/EUR	-
PLN/EUR	(13)

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 its 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 from continuing operations before non-controlling interest, income tax, net financial costs, depreciation and amortisation and goodwill impairment.

Fortuna Group's policy is to keep the gearing ratio at a maximum range of 1.5 – 2.0

	31.12.2009 € 000	31.12.2008 € 000	31.12.2007 € 000
Interest bearing loans and borrowings			
Long-term loans	18,848	38,931	989
Current portion of long-term loans	20,681	5,281	422
Short-term loans	-	271	14,415
	39,529	**44,483**	**15,826**
Less cash and cash equivalents	21,566	17,804	20,277
Net debt	17,963	26,679	(4,451)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	1.1.2009-31.12.2009 € 000	1.1.2008-31.12.2008 € 000	1.1.2007-31.12.2007 € 000
Profit before taxation	14,831	13,563	8,931
Finance costs, net	2,535	3,569	3,841
Goodwill impairment	-	4,366	-
Depreciation and amortisation	2,589	2,010	1,369
EBITDA	19,955	23,508	14,141
Gearing ratio	**0.90**	**1.13**	**(0.31)**

32 EVENTS AFTER THE BALANCE SHEET DATE

32.1 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	Margin	Repayment
Tranche I	84,500 CZK (€ 3,188)	PRIBOR+285bp	2015 linear repayment
Tranche II	26,500 CZK (€ 1,000)	PRIBOR+335bp	2015
Tranche III	€ 4,100	EURIBOR+285bp	2015 linear repayment
Tranche IV	€ 1,300	EURIBOR+335bp	2015
Tranche V	150,000 CZK (€ 5,660) (overdraft)	PRIBOR+165bp	2015

Fortuna Game a.s.	Size of tranche	Margin	Repayment
Tranche I	100,000 CZK (€ 3,774)	PRIBOR+285bp	2015 linear repayment
Tranche II	33,000 CZK (€ 1,245)	PRIBOR+335bp	2015
Tranche III	€ 4,800	EURIBOR + 285bp	2015 linear repayment
Tranche IV	€ 1,600	EURIBOR+335bp	2015

Fortuna SK a.s.	Size of tranche	Margin	Repayment
Tranche I	€ 4,500	EURIBOR + 275bp	2013 linear repayment
Tranche II	€ 2,300	EURIBOR+295bp	2014 accel. repayment
Tranche III	€ 3,200	EURIBOR+335bp	2014

32.2 CARVING OUT THE CROATIAN OPERATIONS

Subsequent to year end, management decided to dispose of the Croatian subsidiary to protect shareholders against the potential loss of closing Croatian operations. The sale to Equinox Investments B.V. was executed on 26 March 2010, for a consideration of EUR 1. The impact on the FEGNV historical figures (2008 and 2009) is disclosed below:

Statement of financial position reconciliation

	Including Croatia 2009 € 000	Effect of Croatia 2009 € 000	Excluding Croatia 2009 € 000
ASSETS			
Non-current assets			
Goodwill	50,426	2,755	47,671
Intangible sssets	7,272	193	7,079
Property, plant and equipment	5,567	948	4,619
Deferred ax assets	776	534	242
Related party loans	28,257	-	28,257
Restricted cash	3,584	-	3,584
Other non-current assets	546	40	506
Total non-current assets	**96,428**	**4,470**	**91,958**
Current assets			
Current receivables	802	(113)	915
Related party loans	-	(6,201)	6,201
Income tax receivable	202	63	139
Other current assets	953	171	782
Bank deposits	755	755	-
Cash and cash equivalents	21,566	471	21,095
Total current assets	**24,278**	**(4,854)**	**29,132**
TOTAL ASSETS	**120,706**	**(384)**	**121,090**
EQUITY AND LIABILITIES			
Total equity	**(40,483)**	**2,725**	**(43,208)**
Non-current liabilities			
Provisions	(438)	(438)	-
Long-term bank loans	(18,848)	(14)	(18,834)
Deferred tax liabilities	-	-	-
Related party loans	(7,550)	-	(7,550)
Other non-current Liabilities	(2,578)	-	(2,578)
Total non - current liabilities	**(29,414)**	**(452)**	**(28,962)**
Current liabilities			
Trade and otherr payables	(27,507)	(1,140)	(26,367)
Income tax payable	(408)	-	(408)
Provisions	(94)	(59)	(35)
Related party loans	(617)	(617)	-
Short-term bank loan and overdrafts	-	-	-
Current portion of long-term bank loans	(20,681)	(25)	(20,656)
Derivatives	(746)	-	(746)
Other current liabilities	(756)	(48)	(708)
Total current liabilities	**(50,809)**	**(1,889)**	**(48,920)**
TOTAL EQUITY AND LIABILITIES	**(120,706)**	**384**	**(121,090)**

32.2 CARVING OUT THE CROATIAN OPERATIONS (CONTINUED)

Statement of financial position reconciliation (continued)

	Including Croatia 2008 € 000	Effect of Croatia 2008 € 000	Excluding Croatia 2008 € 000
ASSETS			
Non-current assets			
Goodwill	49,603	2,755	46,848
Intangible assets	6,594	26	6,568
Property, plant and equipment	4,401	807	3,594
Deferred tax assets	912	538	374
Related party loans	24,216	-	24,216
Restricted cash	2,978	-	2,978
Other non-current assets	785	35	750
Total non-current assets	**89,489**	**4,161**	**85,328**
Current assets			
Current receivables	1,749	946	803
Related party loans	2,110	(3,034)	5,144
Income tax receivable	386	167	219
Other current assets	966	224	742
Bank deposits	746	746	-
Cash and cash equivalents	17,804	802	17,002
Total current assets	**23,761**	**(149)**	**23,910**
TOTAL ASSETS	**113,250**	**4,012**	**109,238**
EQUITY AND LIABILITIES			
Total equity	**(28,108)**	**(1,821)**	**(26,287)**
Non-current liabilities			
Provisions	(569)	(536)	(33)
Long-term bank loans	(38,931)	(30)	(38,901)
Deferred tax liabilities	-	-	-
Related party loans	-	-	-
Other non-current Liabilities	(13,047)	-	(13,047)
Total non-current Liabilities	**(52,547)**	**(566)**	**(51,981)**
Current liabilities			
Trade and other payables	(20,709)	(1,223)	(19,486)
Income tax payable	(2,434)	-	(2,434)
Provisions	(529)	(59)	(470)
Related party loans	(2,424)	-	(2,424)
Short-term bank loan and overdrafts	(271)	(271)	-
Current portion of long-term bank loans	(5,281)	(24)	(5,257)
Derivatives	-	-	-
Other current liabilities	(947)	(48)	(899)
Total current liabilities	**(32,595)**	**(1,625)**	**(30,970)**
TOTAL EQUITY AND LIABILITIES	**(113,250)**	**(4,012)**	**(109,238)**

32.2 CARVING OUT THE CROATIAN OPERATIONS (CONTINUED)

Statement of income

	Including Croatia 2009 € 000	Effect of Croatia 2009 € 000	Excluding Croatia 2009 € 000
Amounts staked	379,459	41,583	337,876
Revenue	**80,348**	**5,724**	**74,624**
Taxation of earnings from betting	(6,965)	-	(6,965)
Personnel expenses	(28,001)	(4,502)	(23,499)
Depreciation and amortisation	(2,589)	(451)	(2,138)
Other operating income	1,034	124	910
Other operating expenses	(26,461)	(4,927)	(21,534)
Operating profit	**17,366**	**(4,032)**	**21,398**
Finance income	2,315	(278)	2,593
Finance costs	(4,850)	(208)	(4,642)
Profit before tax	**14,831**	**(4,518)**	**19,349**
Income tax expense	(2,422)	(7)	(2,415)
Net profit for the period	**12,409**	**(4,525)**	**16,934**

	Including Croatia 2008 € 000	Effect of Croatia 2008 € 000	Excluding Croatia 2008 € 000
Amounts staked	367,454	45,085	322,369
Revenue	**85,624**	**7,405**	**78,219**
Taxation of earnings from betting	(5,885)	-	(5,885)
Personnel expenses	(29,569)	(4,286)	(25,283)
Depreciation and amortisation	(2,010)	(392)	(1,618)
Goodwill Impairment	(4,366)	(4,366)	-
Other operating income	353	98	255
Other operating expenses	(27,015)	(4,924)	(22,091)
Operating profit	**17,132**	**(6,465)**	**23,597**
Finance income	1,700	(41)	1,741
Finance costs	(5,269)	(9)	(5,260)
Profit before tax	**13,563**	**(6,515)**	**20,078**
Income tax expense	(3,595)	428	(4,023)
Net profit for the period	**9,968**	**(6,087)**	**16,055**

32.2 CARVING OUT THE CROATIAN OPERATIONS (CONTINUED)

Statement of cash flows

	31 December 2009 € 000	31 December 2008 € 000
Cash flows from operating activities		
Profit before tax	19,349	20,078
Adjustments for:		
Depreciation and amortisation	2,138	1,618
Goodwill impairment	-	-
Changes in provisions	(474)	366
Gain on disposal of property, plant and equipment	(1)	(5)
Interest expense, net	2,009	3,324
Change in fair value of derivatives	381	-
Operating profit before working capital changes	23,402	25,381
(Increase) / Decrease in other current assets	(279)	137
(Increase) / Decrease in receivables	219	(458)
(Decrease) / Increase in payables and other liabilities	1,526	2,557
(Increase) / Decrease in restricted cash	(568)	(2,408)
Cash generated from operating activities	24,300	25,209
Corporate income tax paid	(4,195)	(1,862)
Net cash flows from operating activities	**20,105**	**23,347**
Cash flows from investing activities		
Interest received	2,594	1,791
Related party loans receivable (granted)/repaid	(1,931)	(25,302)
Cash acquired on acquisition of subsidiaries	-	-
Repayment of liabilities for purchase of subsidiary	(9,109)	(6,604)
Derecognition / (Acquisition) of other financial assets	377	(397)
Purchase of buildings, equipment and intangible assets	(4,000)	(2,579)
Proceeds from sale of buildings and equipment	568	273
Net cash flows used in investing activities	**(11,501)**	**(32,818)**
Cash flows from financing activities:		
Proceeds from long-term borrowings	-	48,471
Repayments of long term borrowings	(17,800)	(10,016)
Net proceeds from / (Repayments of) short-term borrowings	15,343	(10,208)
Related party loans received / (repaid)	2,020	(15,724)
Proceeds from shareholder's contributions	-	-
Dividends paid	(410)	(1,600)
Interest paid	(4,603)	(5,115)
Net cash flows used in financing activities	**(5,450)**	**5,808**
Net effect of currency translation in cash	939	388
Net increase in cash and cash equivalents	**4,093**	**(3,275)**
Cash and cash equivalents at the beginning of year	17,002	20,277
Cash and cash equivalents at the end of year	**21,095**	**17,002**

32.2 CARVING OUT THE CROATIAN OPERATIONS (CONTINUED)

Reconciliation of major items

	Including Croatia 2009 € 000	Effect of Croatia 2009 € 000	Excluding Croatia 2009 € 000
Gain on sale of fixed assets	1	-	1
Revenues from rental of real estate	452	-	452
Reversal of accruals and provisions	101	101	-
Other income	480	23	457
Total	**1,034**	**124**	**910**

	Including Croatia 2008 € 000	Effect of Croatia 2008 € 000	Excluding Croatia 2008 € 000
Gain on sale of fixed assets	5	-	5
Revenues from rental of real estate	53	-	53
Reversal of accruals and provisions	205	98	107
Other income	90	-	90
Total	**353**	**98**	**255**

Other operating expenses

	Including Croatia 2009 € 000	Effect of Croatia 2009 € 000	Excluding Croatia 2009 € 000
Operating lease expense	(10,832)	(1,795)	(9,037)
Materials and office supplies	(2,653)	(315)	(2,338)
Marketing and advertising	(4,052)	(1,212)	(2,840)
Telecommunication costs	(1,561)	(347)	(1,214)
Energy and utilities	(1,090)	-	(1,090)
Repairs and maintenance	(899)	(129)	(770)
Taxes and fees to authorities	(490)	(54)	(436)
Bad debt expense	(1,202)	(1)	(1,201)
Loss on sale of fixed assets	(34)	(25)	(9)
Others	(3,648)	(1,049)	(2,599)
	(26,461)	**(4,927)**	**(21,534)**

32.2 CARVING OUT THE CROATIAN OPERATIONS (CONTINUED)

Other operating expenses (continued)

	Including Croatia 2008 € 000	Effect of Croatia 2008 € 000	Excluding Croatia 2008 € 000
Operating lease expense	(11,107)	(1,519)	(9,588)
Materials and office supplies	(2,520)	(349)	(2,171)
Marketing and advertising	(4,211)	(1,328)	(2,883)
Telecommunication costs	(1,464)	(356)	(1,108)
Energy and utilities	(979)	-	(979)
Repairs and maintenance	(766)	(101)	(665)
Taxes and fees to authorities	(534)	(46)	(488)
Bad debt expense	(1,247)	-	(1,247)
Loss on sale of fixed assets	(5)	(5)	-
Others	(4,182)	(1,220)	(2,962)
	(27,015)	**(4,924)**	**(22,091)**

Personnel expenses

	Including Croatia 2009 € 000	Effect of Croatia 2009 € 000	Excluding Croatia 2009 € 000
Wages and salaries	(20,971)	(3,734)	(17,237)
Social security costs	(6,048)	(620)	(5,428)
Directors remuneration	(631)	(148)	(483)
Other payroll costs	(351)	-	(351)
	(28,001)	**(4,502)**	**(23,499)**

Number of employees in the period:

Average number of employees	3,493	608	2,885
Managers	11	-	11
Staff	3,482	608	2,874

	Including Croatia 2008 € 000	Effect of Croatia 2008 € 000	Excluding Croatia 2008 € 000
Wages and salaries	(21,995)	(3,608)	(18,387)
Social security costs	(6,408)	(600)	(5,808)
Directors' remuneration	(627)	(78)	(549)
Other payroll costs	(539)	-	(539)
	(29,569)	**(4,286)**	**(25,283)**

Number of employees in the period:

Average number of employees	3,472	569	2,903
Managers	10	-	10
Staff	3,462	569	2,893

32.3 ACQUISITION OF NAVI PRO s.r.o.

On 19 March 2010 FEGNV acquired all of the shares in Navi Pro s.r.o. ("Navi Pro"). The interest was acquired from three current shareholders - Mr. D. Motyčka, Mr. M. Černý and Mr. M. Hrubý, all of them having equal ownership portions.

The total purchase price was CZK 12 million (€ 453 thousands), with CZK 6 million (€ 226 thousands) being paid in equal portions to the sellers upon signature of the SPA and the rest of the CZK 6 million (€ 226 thousands) being paid to the sellers in 25 monthly installments of CZK 80 thousands (€ 3 thousands), starting March 2010.

Navipro 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 Company amounted to CZK 1.6 million and were largely represented by trade receivables. 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.

32.4 AGREEMENT IVG

FEGNV signed a framework agreement with Inspired virtual gaming. The purpose of this agreement is the provision of software solution for virtual games offered in shops or interactively on the website of FEGNV. Payments will be made based on the initial fee and regular monthly payments based on profit sharing (12,5% from GGY after tax). The planned commercial launch will be in May 2010.

32.5 MICROGAMING CONTRACT

FortunaWin gaming signed a contract with worldwide online casino and poker provider Microgaming. The essence of the contract is the provision of software for online casinos which will be deployed by FortunaWin Gaming. The payment conditions are based on an initial fee of € 50,000, paid in two instalments and regular monthly payments based on a profit sharing agreement (15% from GGY)

32.6 FOUNDING Ibet s.r.o.

Ibet is a Czech limited liability company incorporated as a service organisation to FortunaWin and third party betting operators. The 100% owner of Ibet is Fortuna Entertainment Group. The core activity of Ibet is providing support in bookmaking, customer support, and HW/SW solutions.

Amsterdam, 16 June 2010

Michal Vepřek

(Chief Financial Officer)

Marek Rendek

(Managing Director)