

Fortuna Entertainment Group N.V.

Preliminary Unaudited Financial Results for 2011

Amsterdam - Fortuna Entertainment Group N.V. announces its preliminary unaudited consolidated financial results for the fiscal year to 31 December 2011, prepared according to International Financial Reporting Standards (IFRS).

The preliminary unaudited results of Fortuna Entertainment Group for 2011 confirm a growth in the main markets where the Company is operating.

- **Total Amounts Staked increased by 6.2 % to EUR 409 million**
- **Total Gross Win up by 9.7% to EUR 102 million**
- **EBITDA Sports Betting grew by 6.3% to EUR 26.7 million**
- **On-line Sports Betting Gross Win increased by 28.8% to EUR 30 million**
- **Lottery in the Czech Republic on plan with Amounts Staked EUR 9.9 million and Gross Win EUR 5.1 million**

Fortuna, the leading Central European fixed-odds betting operator present in the markets of Poland, the Czech Republic and Slovakia, recorded in 2011 **a total Amounts Staked figure of EUR 409.3 million, 6.2% more than in 2010**, according to the preliminary unaudited financial results. **The Amount Staked from sports betting reached EUR 399.5 million, 3.6% more than in 2010.** The Amounts Staked performance was positively driven by market growth in the Czech Republic and Slovakia, primarily in the on-line segment. Despite the absence of a big sports event such as the World Cup in 2011, Fortuna performed well and has beaten its 2010 record figures.

The Company for the first time reported Amounts Staked from lottery bets which totalled to EUR 9.9 million in 2011. The Amounts Staked from sold scratch tickets amounted to EUR 3.4 million and from numerical lottery games EUR 6.5 million.

In 2011, total Gross Win reached EUR 102 million, an increase of 9.7% compared with 2010. Gross Win from sports betting equalled EUR 96.7 million, a 4.2% increase yoy. Of which, Gross Win from on-line betting in 2011 increased to EUR 29.5 million, a substantial gain of 28.8% over 2010. Gross Win from retail betting in 2011 amounted to EUR 67.2 million, a small 3.9% decline from the previous year.

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On-line betting expansion was supported by a further development of “live betting” and live streaming, which are becoming increasingly popular amongst Fortuna clients.

Gross Win from lottery was EUR 5.1 million, of which EUR 1.6 million came from the sale of scratch tickets and EUR 3.5 million from lottery games.

In 2011 Gross Profit¹ from betting increased 8.8% yoy and reached EUR 80.0 million, of which Gross profit from sports betting was EUR 76.2 million and increased yoy by 3.7%. Gross profit margin from sports betting in 2011 was 19.1%, unchanged from the previous year. The Company was able to retain its margin in the competitive sports betting segment while growing its revenues and expanding into the on-line segment where margins are traditionally lower. Gross profit from lottery amounted to EUR 3.7 million. Gross profit margin from lottery stood at 38%.

„ I am delighted to report on a record year for Fortuna. Our team have delivered top line turnover of over EUR 409 million, which is 6.2% ahead of the last year last year and a net profit figure EUR of 13.3 million. We have achieved extremely solid numbers across all three territories and all channels. Our future plans have been boosted with the strategic addition of an additional income stream in the form of our exciting new lottery project in the Czech Republic,” said Wilf Walsh, Vice Chairman of the Management Board and interim CEO of Fortuna Entertainment Group.

„ I am very satisfied with Fortuna’s performance in 2011, which proved to be another year of stability, market growth and cash generation. Although the European market was hit by another wave of economy slowdown, the betting segment has proven to be resilient to the market uncertainty and performed in line with our expectations, commented Jozef Janov, Chairman of the Supervisory Board of Fortuna Entertainment Group NV. *”In sports betting that is our key value contributor, we have managed to grow our top line numbers, retained our sales margins and yet remained one of the market leaders in all countries where we operate. In lottery segment we have successfully launched our operations in Czech Republic,”* added J. Janov.

Selected financial indicators – FEG total

(Euro million)	January – December 2011	January – December 2010	% change
Amounts Staked	409.3	385.5	6.2%
Gross Win	101.8	92.8	9.7%
Revenues	89.8	81.2	10.7%
EBITDA	20	25.1	(20.4%)
Operating Profit	16.8	22.4	(25.0%)
Net Profits for the Year from Continuing Operations	13.3	17.4	(23.3%)

¹ Gross profit from betting is calculated as Gross Win from betting minus taxation from betting

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Selected financial indicators – Sports Betting

(Euro million)	January – December 2011	January – December 2010	% change
Amounts Staked	399.4	385.5	3.6%
Gross Win	96.7	92.8	4.2%
Revenues	84.8	81.2	4.4%
EBITDA	26.7	25.1	6.3%
Operating Profit	23.9	22.4	6.3%
Net Profits for the Year from Continuing Operations	20.3	17.4	17.0%
Operations			
Number of Points of Sales (sports betting)	1,426	1,393	2.4%

Selected financial indicators – Lottery

(Euro million)	January – December 2011	January – December 2010	% change
Amounts Staked	9.9	0	na
Gross Win	5.1	0	na
Revenues	5.1	0	na
EBITDA	(6.7)	0	na
Operating Profit	(7.0)	0	na
Net Profits for the Year from Continuing Operations	(7.0)	0	na
Operations			
No. of lottery terminals	1,470	0	na

Revenues, OPEX, EBITDA

In 2011 the Company recorded total revenues in the amount of EUR 89.8 million, 10.7 % more than in the previous year. Of which, revenue from sports betting were EUR 84.8 million and went up 4.4% yoy. Revenues from lottery amounted to EUR 5.1 million in 2011.

Total operating costs in 2011 reached EUR 69.9 million, 24.5% more than in 2010. Staff costs increased 5.3% yoy to EUR 26.9 million primarily due to new employees for the lottery project. Staff costs in the sports betting segment declined 1.6% yoy. Governmental taxes and levies amounted to EUR 9.4 million, 38.0% more than in the previous year as a result of new betting taxation in the Czech Republic. Of which, sport betting taxes grew 18.3% and the rest were lottery taxes. Other operating expenses (net) increased in 2011 by 41.4% to EUR 33.6 million primarily driven by the lottery start-up costs, an expense of EUR 8.7 million.

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EBITDA from sports betting reached EUR 26.7 million, 6.3% more than previous year. EBITDA from lottery was EUR 6.7 million negative. Total consolidated EBITDA recorded in 2011 was EUR 20 million, down 20.4% yoy. In 2011 total depreciation rose 19.1% to EUR 3.1 million, of which depreciation related to sports betting segment was EUR 2.8 million (+5.8%) and the rest was booked as lottery.

EBIT and Net Profit

In 2011 operating profit (EBIT) amounted to EUR 16.8 million, 25.0% less than in the previous year. This result was impacted by lower EBITDA and higher depreciation.

Net finance costs reached EUR 0.9 million in 2011 and decreased by 59.3% yoy. The annual comparison was impacted by one-off expense related to refinancing in 2010 and different debt structure.

Income tax equalled EUR 2.6 million in 2011, 7.2% less than in 2010.

In 2011 the Company recorded net profit from continued operations of EUR 13.3 million, 23.3% less than in the previous year. The lower net income resulted from the planned net loss from the lottery segment which was EUR 7.0 million. **In the contrary, the sports betting segment recorded a net profit of EUR 20.3 million, up 17.0% yoy.**

Breakdown of Revenues by Country

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

Selected financial results by country in 2011

(in EUR million)	CZ Sports betting	CZ lottery	Slovakia	Poland	Malta
Total amounts staked	215	9.9	131.3	49.4	3.8
Gross Win from betting	44.6	5.1	32.4	19.4	0.2
- of which: online/ scratch tickets	16.8	1.6	12.5	0	0.2
- of which: retail/ numerical games	27.8	3.5	19.9	19.4	0
Withholding tax paid	0	0	(6.5)	(5.9)	(0.02)
Other revenues	0.2	(0.02)	0.2	0.04	0
Revenues	44.8	5.1	26.2	13.5	0.2
Taxation of earnings from betting	(8.0)	(1.3)	0	0	0
Gross profit from betting	36.6	3.8	25.9	13.5	0.2
of which: online	13.8	1.2	9.6	0	0.2
- of which: retail	22.8	2.5	16.4	13.5	0
Gross profit from betting (in %)	17.0%	38%	19.8%	27.3%	4.6%

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Czech Republic Sports Betting

Czech Republic sports betting generated 52.5% of all amounts staked for the Company in 2011. **Amounts Staked reached EUR 215 million, 4.7% more than in 2010. Gross Win from sports betting in the Czech Republic amounted to EUR 44.6 million in 2011, 4.2% more than in the previous year.** This growth was driven primarily by the on-line expansion; Gross Win from the on-line segment climbed by **33.7 % yoy and amounted to EUR 12.8 million.** On the contrary, Gross Win from retail betting in the Czech Republic declined 8.0% yoy and totalled EUR 27.8 million. Gross profit from betting in the Czech Republic was EUR 36.6 million, 1.5% more than in 2010. This increase was driven by on-line gross profit which went up 27.2% and amounted to EUR 13.8 million. Gross profit from retail sports betting in the Czech Republic decreased by 9.5% to EUR 22.8 million in 2011. **Gross profit margin from sports betting in the Czech Republic equalled 17.0%** in 2011, 0.6% less than in 2010.

Czech Republic Lottery

The newly reported segment Czech Republic Lottery included in 2011 represented 2.4% share on Total Amounts Staked. Amounts Staked from lottery came to EUR 9.9 million. Gross Win in the Czech Republic lottery amounted to EUR 5.1 million in 2011, of which EUR 1.6 million were sold scratch tickets and EUR 3.5 million lottery games. Gross profit from lottery in the Czech Republic was EUR 3.8 million. Gross profit margin from the sale of scratch tickets in the Czech Republic equalled 35.6% in 2011 and numerical lottery games 39.2%.

Slovakia

The share of Slovakia in regard to total Amounts Staked in 2011 reached 32.1%. **Total amounts staked reached EUR 131.3 million, 7.4% more than in 2010. Gross Win in Slovakia amounted to EUR 32.4 million in 2011, 7.3% more than in the previous year.** Gross Win from on-line betting was EUR 12.5 million, 21.6% more than in 2010. Gross Win from retail betting in Slovakia declined only moderately by 0.2% yoy and totalled EUR 19.9 million. Gross profit from betting in Slovakia was EUR 26 million, 6.5% more than in 2010. This increase was driven almost primarily by the on-line betting segments. Gross profit from on-line betting in Slovakia went up by 19.4% in 2011 to EUR 9.6 million. Gross profit from retail betting in Slovakia went up by 0.2% in 2011 to EUR 16.3 million. **The gross profit margin from betting in Slovakia equalled 19.8%** in 2011, almost unchanged from the previous year.

Poland

Poland accounted for a 12.1% share of total amounts staked in 2011. **Total amounts staked in Poland reached EUR 49.4 million, 10.8% less than in 2010.** The reason for the drop was a change in the tax rate on the amounts staked that was implemented in mid-2010. **Gross Win from betting in Poland declined slightly to EUR 19.4 million in 2010, of 1.2% yoy.** The decline was experienced primarily in

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the first half of the year, in the second half of 2011 showed an annual growth of 2.9%. Gross profit from betting in Poland was EUR 13.5 million, 3.7% more than in 2010. The gross profit margin from betting in Poland amounted to 27.3% in 2011, 3.8 percentage points more than in 2010 and the highest gross profit margin of all the markets.

The internet betting carried out through FortunaWin based in Malta was established in mid-2010. **Total amounts staked reached EUR 3.8 million, up by 48.6% yoy.** Gross Win from betting was EUR 200 thousand, a 212.5% yoy growth and the gross profit from betting equalled EUR 175 thousand which is by 173.4% more than last year. The gross profit margin from FortunaWin was 4.6 in 2011.

Sport Betting Channels and Distribution Network

The rapid development of internet betting is visible both in the Czech Republic and Slovakia. Regulatory developments in Poland concerning on-line betting enabled the launch of internet betting at the end of January 2012. Fortuna launched the on-line sport betting as the very first licensed operator in Poland with over 20,000 registered on-line customers shortly before launch.

Although the internet betting segment has been growing rapidly, the retail outlets network remains important distribution channel of Fortuna and contributes to 70% of the total Gross Win from sports betting of the Company. Another important role of the retail outlets network is the support it provides to the online betting segment – internet clients may use all the customer services, such as deposits and withdrawals and the customer queries and solutions service, free of charge. As a result, the focus on the development and efficiency of the outlet network is an important feature of the Company's strategy in all three markets. For the additional expansion of the retail network, the Group will primarily use a "cost-light" partnership model with successful local businesses, such as sport bars.

Lottery in the Czech Republic

Last year Fortuna made an entrance in the Czech lottery market with an ultimate goal to become profitable no. two operator after Sazka. First bi-weekly Loto game was introduced to public in July, followed by a daily game Zlatých 11. Instant scratch tickets which represent a very interesting and underdeveloped niche market were launched few weeks before the lottery launch. A rapid roll-out in the first weeks of Fortuna lottery existence was somehow diminished by Sazka's comeback to the market after financial difficulties and ownership changes. Fortuna estimates that current market share of lottery numerical games is fluctuating around 10 – 12%.

Dividend Policy and Dividend

Company's on-going dividend policy is to pay out a dividend of 70% - 100% of the consolidated net profit. The dividend within the range will be proposed by the

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Management Board to shareholders at the AGM which will take place in May 2011. More details on 2011 dividend will be announced in the next couple of weeks.

2012 Outlook

In 2012, Fortuna would like to drive top line growth transformation and innovation of the on-line offer. The organization will fully focus on utilization of the most modern technologies and tools (mobile apps) to make sure that our customers can reach our services without any limitations. Group's retail operation is under review and will continue to serve as support for on-line customers mainly in the Czech Republic and Poland. Company's aim is to increase further low cost partner outlets (sport bars).

Fortuna will leverage its on-line experience from one country to another ad by combining the trading expertise with the latest technology developments. The company plans to create an unbeatable proposition in the on-line segment via improved content, "look and feel", in-play betting and live streaming. Interactive "in-play" is becoming dominant segment in the betting industry and Fortuna offers more live games and more betting options per game than its local competitors.

The UEFA EURO 2012 taking place in the CEE region represents a unique opportunity to build Fortuna's position in the Polish market as well as gain additional market shares in Czech and Slovakia.

With respect to Lottery Fortuna, the organization plans to reinforce no. 2 market position, deliver targeted market shares and increase brand profile via effective marketing. Fortuna will introduce new games, innovative scratch cards and reduce fixed costs in 2012. The lottery project is expected to break-even in the first half of 2013.

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Appendix 1

Consolidated Income Statement Sports Betting

Prepared under International Financial Reporting Standards (IFRS)

(in million of EUR)

	2011 (unaudited)	2010 (audited)	change in %
Amounts Staked	399.5	385.5	3.6%
Revenue	84.8	81.2	4.4%
Governmental taxes and levies	(8.0)	(6.8)	18.3%
Personnel Expenses	(25.2)	(25.6)	(1.6%)
Other operating income/(expenses) net	(24.9)	(23.7)	4.9%
EBITDA	26.7	25.1	6.3%
EBITDA margin in %	31%	31%	(9 pp)
Depreciation	(2.8)	(2.6)	5.8%
EBIT	23.9	22.4	6.3%
EBIT margin in %	28%	28%	0
Finance costs (net)	(0.9)	(2.3)	(61.8%)
Profit before tax	23	20.1	14.1%
Income tax (expenses) / income	(2.7)	(2.8)	(4.1%)
Net profit	20.3	17.4	17.0%

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Appendix 2

Consolidated Income Statement

Prepared under International Financial Reporting Standards (IFRS)

(in million of EUR)

	2011 (unaudited)	2010 (audited)	change in %
Amounts Staked	409.3	385.5	6.2%
Revenue	89.8	81.2	10.7%
Governmental taxes and levies	(9.4)	(6.8)	38.0%
Personnel Expenses	(26.9)	(25.6)	5.3%
Other operating income/(expenses) net	(33.6)	(23.7)	41.4%
EBITDA	20	25.1	(20.4%)
EBITDA margin in %	22%	31%	(9 pp)
Depreciation	(3.1)	(2.6)	19.1%
EBIT	16.8	22.4	(25.0%)
EBIT margin in %	19%	28%	(9 pp)
Finance costs (net)	(0.9)	(2.3)	(59.3%)
Profit before tax	15.9	20.1	(21.1%)
Income tax (expenses) / income	(2.6)	(2.8)	(7.2%)
Net profit	13.3	17.4	(23.3%)

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