ANNUAL FINANCIAL REPORT 2013

CONTENTS

Consolidated Financial Statement NOVOMATIC AG

Individual Financial Statement NOVOMATIC AG

FOREWORD BY THE

BOARD OF DIRECTORS

Mag. Thomas GRAF DI Ryszard PRESCH Mag. Peter STEIN Dr. Franz WOHLFAHRT

Economic success, responsible corporate governance, social commitment and innovation leadership are essential features of the core identity and mission statement of our group of companies.

Dear Ladies and Gentlemen,

During the fiscal year 2013, the NOVOMATIC AG Group was able to increase its sales revenues by 9.6 percent to an historical record high of EUR 1,684.1 million. The greatest increases were achieved with respect to the revenues of our gaming operations, which posted a gain of 11.1 percent. The revenues of our other important pillar, gaming technologies, also increased significantly over the previous year's level, with the result that NOVOMATIC is now among the world's largest exporters of gaming equipment, know-how and services in almost all market segments, from video lottery terminals (VLTs) to online and mobile offerings. In all of these areas, success was achieved thanks to the enormous commitment displayed by our employees.

Not insignificantly, the fiscal year was also characterized by important acquisitions – from the Icelandic lottery technology company Betware to the acquisition of casinos in order to strengthen our competency in this area. Not to forget, of course, the cooperation with the Romanian state lottery Loteria Romana for the provision and operation of up to 10,000 video lottery terminals (VLTs), which was widely noted within the industry. In our home market of Austria, we were able to obtain state licenses in four federal states. We currently await the imminent announcement of decisions pertaining to the recipients of three further casino licenses.

In the interest of securing our market position on international core markets such as Italy and Germany in the long run, we simultaneously took financial precautions to ensure that we will be well-prepared for whatever the next few years may bring.

NOVOMATIC once again improved its position within the ranking of companies with the most valuable brands: in the brand value study "eurobrand Austria 2013," we made it to third place for the first time ever (2012: fourth place). NOVOMATIC is the only company that has been able to consistently increase its brand value over ten consecutive years.

The sustainability report included in this annual report serves to document this continuity. During 2013, we took numerous steps that have brought us closer to our objective of acting in a maximally responsible manner in a sensitive business area. We would like to share these initiatives with you in our CSR Report. The reason for this is that we firmly believe that economic success, responsible corporate governance and social commitment can quite literally be brought into play and, in addition to innovation leadership, make up the core identity and the mission statement of our group of companies.

Gumpoldskirchen, April 2014

Dr. Franz WOHLFAHRT
CEO

DI Ryszard PRESCH
Deputy CEO

Mag. Thomas GRAF
CTO

Mag. Peter STEIN
CFO

MANAGEMENT REPORT

on the 2013 Individual Financial Statement and Consolidated Financial Statement, NOVOMATIC AG, Gumpoldskirchen

1. Purpose of the Business and Strategy

NOVOMATIC[1] is a globally operating, integrated gaming group with more than 30 years of experience as a producer of innovative high-tech gaming equipment. The Group develops, produces and sells gaming products and networked system solutions for domestic and international gaming and betting markets. NOVOMATIC also operates more than 1,100 gaming facilities worldwide. Apart from automated casinos and sports betting outlets, it is mostly casinos that have been becoming increasingly important in this business segment.

In addition to developing gaming equipment, the NOVOMATIC Group has established itself as a game content provider for licensed online and offline providers and as an operator of online gaming platforms. The NOVOMATIC Group is aware of its considerable social responsibility and pursues business activities only in markets with a clearly defined legal framework.

The dual strategy as a manufacturer of state-of-the-art gaming equipment as well as an operator of gaming facilities has contributed considerably to the company's success since its establishment. With this integrated approach, the Group is able to introduce newly developed products into the marketplace very quickly, gain insights into their potential success and subsequently influence the development of new products in a goal-oriented manner.

2. Economic Conditions

Macroeconomic Development

With growth of 3.0 %, the global economy was only able to achieve a moderate increase in real gross domestic product (GDP) during 2013. While the beginning of the year was still impacted by the aftershocks of the recession, the second half of the year delivered increasing evidence for a sustainable upturn – albeit indicating a regional shift in growth dynamics. The economic situation in the developed countries continued to recover, while the growth dynamics in emerging markets deteriorated.

A crucial factor for this development was the monetary policy pursued by the United States. Expectations regarding a gradual tapering of the U.S. Federal Reserve's expansive monetary policy triggered a significant rise in yields on U.S. treasuries, which again touched off strong capital inflows to the U.S. This put considerable pressure on the currencies of several emerging market countries, where the central banks were then forced to react by raising their interest rates. Combined with existing structural problems, this tightening of financing conditions resulted in a deceleration of the growth dynamics in important emerging market economies.

While the Bank of Japan's strong monetary impulses allowed the Japanese economy to shake off its long phase of stagnation and achieve GDP growth of 1.7 %, the growth in emerging market economies remained below expectations during the past year. The emerging markets of Brazil, Russia, India, China and South Africa (the "BRICS") are struggling with considerable structural problems that will require far-reaching reforms to overcome.

[1] In this management report, the terms "NOVOMATIC," "Group" and "NOVOMATIC Group" refer to the group of consolidated companies included in the consolidated financial statement for NOVOMATIC AG.

Growth in China has weakened noticeably over the past few years (from 11.6 % in 2010 to 7.7 % in 2013), but remains at a high level. This lower growth is mainly due to a slowdown of export demand. Due to several factors, the medium-term growth perspectives should come to a rest at a level below the one achieved in the past. The greatest challenge for the Chinese economy is shifting from its current export and investment orientation to a stronger focus on domestic demand.

According to the IMF's calculations, growth in Latin America and Russia was lower in 2013 than during the previous year. Both economies are suffering from the price developments in the commodities sector: with GDP growth of 2.6 % in Latin America and only 1.5 % in Russia, growth in these areas has now receded to the level of the developed nations.

In the U.S., the overall economic growth of 1.9 % was lower than during the previous year, but after a weak start going into the year, economic growth continued to accelerate throughout 2013. For 2014, the International Monetary Fund (IMF) expects a GDP increase of 2.8 %. This development is supported by a robust domestic demand, which is the consequence of an improved labor market situation.

Economic performance within Europe's Economic and Monetary Union decreased once more during 2013, to the tune of 0.4 %. Over the course of the year, however, the recession was finally left behind. The eurozone, led by Germany, recovered noticeably, with the economic situation stabilizing even in the problematic countries of Spain and Italy. An aspect that remains a cause for concern is the situation regarding long-term and youth unemployment in Europe, as well as the associated weak consumer demand. Public-sector budgets are currently dominated by a consolidation of debt, which consequentially means that yet another major impulse for macroeconomic growth in the eurozone is absent. For 2014, the IMF forecasts a moderate acceleration of economic growth with the GDP of the 18 euro countries increasing by 1.0 %.

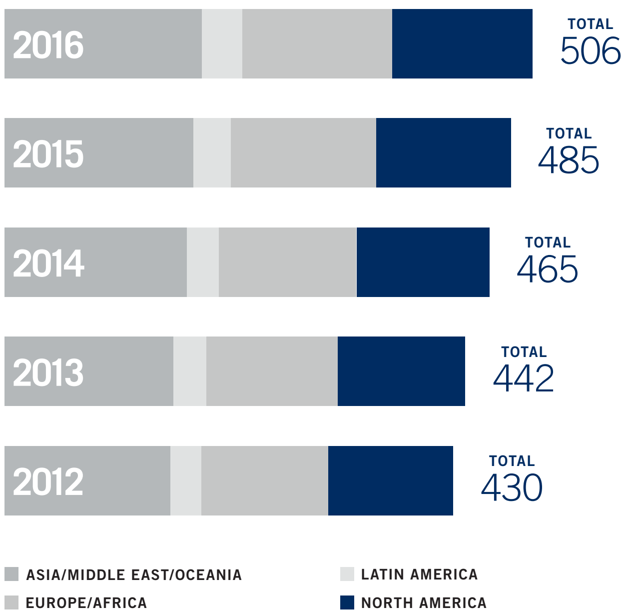
In 2013, Austria managed a slight increase in GDP by 0.4 %. For 2014, Austria's Institute for Advanced Studies (IHS) expects significantly stronger economic growth of 1.7 %, as the Austrian economy should benefit from the international economic recovery. Export growth will accelerate considerably over 2014, providing the economy with important support. It is furthermore expected that Austrian companies will increase their investment activities considerably, mainly due to the improved overall sentiment and the better financing conditions. Apart from replacement investments which, on grounds of insecurity, have long been postponed and are growing more and more urgent, further expansionary investments are expected for 2014 and 2015 since capacity utilization is on the rise.

Development of the Gaming Market

With its 2013 growth of 2.8 %, the global gaming industry exhibited muted development similar to that of the world economy at large. The analysts at GBGC (Global Betting and Gaming Consultants) have estimated that, for 2013, global gaming expenditures came in at USD 442 billion, compared to USD 430 billion in the previous year. The strongest growth was recorded in the casino sector, which grew by 4.9 %, while the market for gaming devices outside of casinos (for example in electronic casinos or bars) was down by 0.8 %. For 2014, the experts at GBGC are forecasting a significantly stronger increase in gaming expenditures. In the wake of the international economic recovery and the accompanying increase in disposable income, an increase of 5.0 % is expected.

WORLDWIDE GAMING REVENUES

IN BILLION USD (SOURCE: GBGC)



Following the crisis-related decrease in 2012, the European gaming market was able to post an increase by 2.0 % during the reporting year. Despite this growth, gross gaming revenues are still 8.1 % below the level of 2008, with individual countries such as Greece (-41 %) and Spain (-22 %) posting significantly more dramatic declines. For the coming years, the analysts at GBGC expect average annual growth rates of 4.0 %, with the strongest growth coming from the areas of betting (in particular sports betting and horserace betting) and lotteries. This development is supported by rapid growth in the online gaming sector.

The crisis in the eurozone triggered a change in direction regarding statutory regulation related to online gaming. In an effort to tap into new sources of income, a number of European countries have introduced a regulatory framework for national online gaming markets. While over the past decade most online gaming operators were headquartered in offshore jurisdictions such as Gibraltar or the Isle of Man, countries such as France, Italy and Spain have been able to contribute strongly to a repatriation of these offshore revenues by introducing domestic online gaming licenses. This development will continue over the next few years. For 2014, two of the largest European gaming markets, Germany and Great Britain, are planning to award online gaming licenses.

Compared to Europe, the Latin American countries remained rather passive with regard to statutory regulation of online gaming. Over the past few years, the main focus has been on the introduction of laws regulating terrestrial gaming activities. Individual countries such as Colombia and Peru were particularly successful in their efforts to combat illegal gaming and corruption, while other countries such as Mexico and Chile have only recently focused their attention on this area. According to forecasts developed by the experts at GBGC, the Latin American gaming market will increase by 5.9 % annually through 2016, with the growth stemming almost entirely from the area of lotteries.

The North American gaming market should achieve an average growth of 2.9 % over the coming years. With a share of 58 %, the casino sector remains by far the largest segment of the North American gaming industry. Considering the high number of new casino projects currently underway, it is unlikely to decline in importance in the future. In the past, several smaller states had already created the legal foundations for opening the gaming market to privately owned casinos (as opposed to tribal casinos operated by Native Americans). In November of 2013, the State of New York passed a law allowing the establishment of up to seven new casinos. The State of Massachusetts had already passed a new gaming law in 2011 and is currently in the process of awarding licenses for up to four new resort casino locations. Further important states such as Florida and California seem to be following this example.

A similar development can be observed in the area of regulation for online gaming in the U.S. In 2013, the states of Nevada, Delaware and New Jersey created the according legal basis for doing so, and ten further states (according to experts at Gambling Compliance) are currently considering passage of similar regulations. The further development of this trend will depend mainly on the market success of the online operators in New Jersey. New Jersey is one of the larger states in the U.S. and has legally allowed a wide range of online games – as opposed to Nevada, for example, where only online poker has been legalized.

The Asia-Pacific region will continue to expand its position as the most important gaming market worldwide over the coming years. Compared to the rest of the world, the countries in this economic region are achieving significantly higher GDP increases and a strong growth of per-capita income. GBGC calculates that this market will achieve average growth rates of 4.6 % through 2016.

With a share of 71 % of the region's gaming revenues, Macau is the clear market leader. According to the rating agency Fitch, it should grow by 12 % in 2014, clearly ahead of its Asian competitors. In 2015 and 2016, six further major projects with a total investment volume of more than USD 15 billion will be completed along the Cotai Strip. According to Fitch, Macau is in a much better position than most other Asian competitors, as a majority of casino visitors are day tourists from Hong Kong and the bordering mainland provinces.

Singapore, currently the second-largest Asian gaming market with a share of 11 %, will only experience limited growth over the coming years due to a lack of further planned casino projects. It is likely that this country will fall behind the Philippines. Along the Philippines' Manila Bay, investors are currently in the process of planning and opening four integrated casino resorts with a total investment volume of USD 5.6 billion. The first of these casinos was inaugurated in the spring of 2013.

Japan is another country that might become a strong competitor on the Asian gaming market. In order to (partially) finance the Olympic Summer Games of 2020, it seems more and more likely that up to four casino licenses will be granted in the cities of

Tokyo and Osaka. A corresponding law is expected to be passed in the first half of 2014.

Over the coming years, the online gaming market will benefit more and more from the increasing use of mobile devices (smartphones and tablets). In its latest forecast, the market research firm IDC assumes that, by 2017, mobile devices will have replaced desktop computers almost entirely. By 2017, the number of mobile devices sold will exceed two billion units or 87 %, while the number of desktop units sold is expected to stagnate at a level of slightly above three hundred million units. Apart from the growing number and increasing performance capabilities of mobile devices, the growth in online gaming will be supported mainly by the greater willingness of customers to spend money online, as more and more traditional and more conservative groups of consumers start discovering online gaming for themselves.

According to a report published by the consulting firm H2 Gambling Capital, 44 % of all online gaming revenues will be earned via smartphones and tablets by 2018, compared to 18 % in 2012. The majority of online gaming revenues are generated in the area of betting, although it is expected that this segment will be surpassed by lotteries and casino games in the near future. Particularly casino games benefit significantly from the increasing capabilities of mobile devices, as these allow more complex graphics and longer-lasting game phases.

3. Business Performance

Significant Events during the Reporting Period

For NOVOMATIC, fiscal year 2013 was one of the most eventful years since the company was founded in 1980. The number of companies included in the scope of fully consolidated companies increased from 129 (as of 31 December 2012) to 168 at the end of 2013. This large number of new companies is mainly the result of strong acquisition activities, highlighting the dynamic development within the Group.

Apart from the acquisition of companies in the core markets of Germany and Italy, a successful market entry in the Netherlands was accomplished during fiscal year 2013. A further milestone was reached with the acquisition of the Icelandic lottery technology company Betware, resulting in a strategic expansion of NOVOMATIC's offerings.

In Southeast Europe, a long-term partnership was established with the Romanian state lottery for the operation of 10,000 centrally networked video lottery terminals (VLTs), while in Macedonia the Casino FlaminGO was acquired.

With the acquisition of the I-New Group and Cervo Media GmbH, both leading Austrian high-tech companies, the NOVOMATIC Group was able to successfully expand its activities in the area of mobile and online gaming.

In January 2013, NOVOMATIC AG issued its largest bond ever, with an emission volume of EUR 250 million. The transaction met with very high interest among investors, and an extraordinarily large portion of the total volume was placed abroad.

Apart from these welcome developments, however, the fiscal year 2013 was also affected by events that contributed to a significant decrease in the annual result. But these were mainly events of a non-recurring nature and in part due only to technical valuation aspects, and therefore have no impact on the Group's liquidity situation.

These developments include, most importantly, valuation measures related to the NOVOMATIC Group's German slot arcade operations, the costs of the intended settlement of a pending major legal procedure related to an Italian subsidiary, and the loss from a financial investment related to the "dayli" retail company.

Consolidated Financial Statement for NOVOMATIC

NOVOMATIC AG's consolidated financial statements have been prepared according to the reporting and measurement methods stipulated by the IFRS (International Financial Reporting Standards).

PROFIT AND LOSS STATEMENT

(CONDENSED VERSION WITH SELECTED POSITIONS) EUR m

	2013	2012	Difference in %
Sales revenue	**1,684.1**	**1,536.7**	**9.6**
Material cost and cost for purchased services	-235.5	-208.1	**13.2**
Personnel costs	-431.3	-376.6	**14.5**
Other operating expenses (including gaming taxes)	-755.3	-616.4	**22.5**
EBITDA (= earnings before interest, taxes, depreciation and amortization)	**480.2**	**523.8**	**-8.3**
EBITDA margin in %	**28.5**	**34.1**	
Depreciations and amortizations	-305.4	-242.0	**26.2**
EBIT (= operating profit)	**174.8**	**281.8**	**-38.0**
Financial result	-68.9	-11.0	**-527.0**
Earnings before taxes	105.9	270.8	**-60.9**
Annual profit	**55.1**	**192.8**	**-71.4**

Earnings Position

During fiscal year 2013, the NOVOMATIC Group was able to increase its sales revenues by 9.6 % to an historic record high of EUR 1,684.1 million. The largest increase was achieved in the area of gaming machine revenues, as these rose by 11.1 % to EUR 745.9 million. The acquisitions completed during 2013, especially in the Netherlands, made a major contribution to this development. The acquisition of ADMIRAL Play GmbH in October 2012, which was for the first time fully included in the Group's results for the reporting year of 2013, also played an important role.

Significant revenue growth was also achieved with e-business revenues, which increased by EUR 32.6 million over the previous year, as well as with rental revenues, which were EUR 21.4 million higher than in 2012. Furthermore, slight improvements were achieved in terms of sales revenues and betting revenues.

During the reporting year, material expenditures increased by EUR 27.4 million over the previous year. However, this position was largely offset by an increase in inventories of finished goods and work in progress. The increase in personnel expenses to EUR 431.3 million is due to the acquisitions carried out during 2012 (in particular in Great Britain and Germany), as well as the new company acquisitions completed during the reporting year (in particular in the Netherlands).

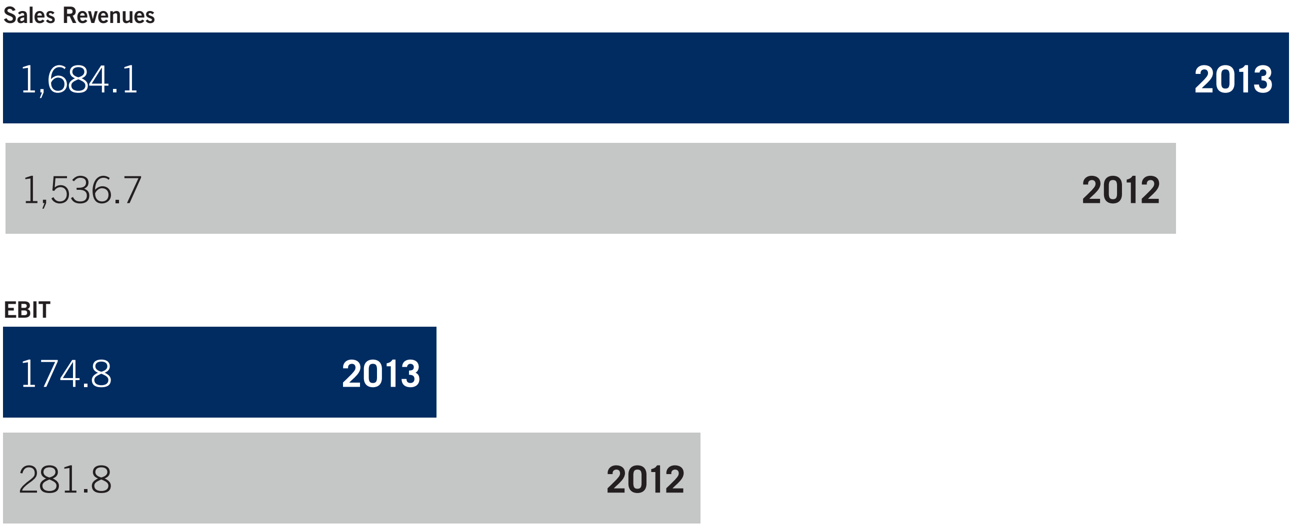
In terms of other operating expenses (including gaming taxes), there was an increase to EUR 755.3 million in 2013. Apart from the increases that are mainly related to the expansion of business activities and largely due to items such as rental, lease and operating expenses, this area also includes a value impairment having to do with precious metals, as well as expenses for the establishment of a provision in the double-digit million euro range relating to a lawsuit brought forward in Italy during the reporting year.

Depreciations across the Group rose by EUR 63.4 million to EUR 305.4 million. Apart from the slightly higher scheduled amortization, this position also includes the extraordinary depreciation which was determined in the course of impairment tests for the German and Italian gaming operations.

Earnings before interest, taxes, and depreciations and amortizations (EBITDA) declined by 8.3 % against the previous year to EUR 480.2 million. This corresponds to an EBITDA margin of 28.5 %, compared to 34.1 % in 2012. Due to numerous one-time effects, the operating profit (EBIT) decreased to EUR 174.8 million, which is EUR 107.0 million below the previous year's level.

DEVELOPMENT OF REVENUES & EBIT

EUR m



At EUR -68.9 million, the financial result came in below the previous year's level of EUR -11.0 million. Apart from the higher interest expense due to the bond issued in 2013 and the exchange rate losses incurred during the fiscal year, the financial results also include the impairment of the investment and loan associated with TAP daily Vertriebs GmbH.

After consideration of tax expenses amounting to EUR 50.8 million, the Group was left with an annual profit of EUR 55.1 million for 2013.

Assets Position

The balance sheet total rose by EUR 139.8 million compared with the 31 December 2012 figure, amounting to EUR 2,363.1 million as of 31 December 2013. In terms of non-current assets, intangible assets increased by EUR 78.1 million to EUR 350.2 million. This increase is largely due to the goodwill of the newly acquired companies in Italy, the Netherlands and Austria.

Property, plant and equipment remained almost unchanged at EUR 810.3 million, compared with EUR 814.2 million for the previous year. The item "Developed land and buildings" increased because of acquisitions, in particular the Casino FlaminGO in Macedonia, while on the other hand extraordinary writedowns on the gaming operations in Germany and Italy resulted in a reduction of assets.

Current assets increased from EUR 791.2 million to EUR 878.3 million during 2013. The largest changes here resulted from an increase in raw materials and supplies, as well as from an increase in bank balances.

Equity capital remained almost unchanged against the previous year at EUR 952.5 million, of which EUR 29.5 million consisted of other shareholders' shares. In addition to this, equity capital is comprised of the registered capital of NOVOMATIC AG (amounting to EUR 26.0 million), capital reserves (amounting to EUR 1.0 million), retained earnings (amounting to EUR 928.7 million), the valuation reserve as per IAS 39 (amounting to EUR -0.5 million) and the currency translation adjustment (amounting to EUR -32.3 million). As of the reporting year's balance sheet date, the equity ratio was 40.3 %, compared to 43.5 % in the previous year. Due to the significantly lower Group results, the return on equity declined to 6.6 %.

Long-term liabilities increased by EUR 105.9 million to EUR 966.0 million during the fiscal year. This increase is mainly due to the bond issued in January of 2013, which had an issue volume of EUR 250 million. A large part of this sum was used to optimize the financing structure, allowing us to reduce bank liabilities by EUR 171.7 million during the reporting year to the present amount of EUR 228.8 million.

BALANCE SHEET

(CONDENSED VERSION) EUR m

	2013	2012	Difference in %
ASSETS			
Non-current assets	1,484.9	1,432.1	3.7
Current assets	878.3	791.2	11.0
Balance sheet total	**2,363.1**	**2,223.3**	**6.3**
Equity and Liabilities			
Equity	952.5	967.3	-1.5
Non-current liabilities and provisions	966.0	860.0	12.3
Current liabilities and provisions	444.7	396.0	12.3
Balance sheet total	**2,363.1**	**2,223.3**	**6.3**

Current liabilities increased by EUR 48.7 million over the previous year. Apart from a rise in trade liabilities, current provisions also increased, in particular due to provisions for legal settlements. Meanwhile, current financial liabilities declined by EUR 49.4 million to EUR 26.7 million.

Financial Situation

Cash Flow

Across the Group, cash flow from operational activities totaled EUR 432.7 million in 2013, compared to EUR 386.3 million the previous year. This increase in cash flow from operational activities despite the decline in operating profit against the previous year was mainly due to the non-cash special effects incurred during 2013, in particular the extraordinary writedowns in Germany and Italy, as well as the establishment of provisions related to litigation in Italy.

Cash flow from investment activities amounted to EUR -283.8 million in the year under review, while the comparative figure for 2012 amounted to EUR -296.1 million. A major deviation from the previous year was recorded for the item “Acquisition of consolidated companies, net of cash” with EUR -66.4 million compared to EUR -36.1 million, as this includes the effects of the numerous acquisitions completed during 2013 on cash flow.

The cash flow from financing activities amounted to EUR -101.6 million during the reporting year, a considerable improvement over the previous year’s value of EUR -238.7 million. While the issuance of the bond during 2013 resulted in a positive cash inflow (issue volume of EUR 250 million), the bank liabilities were reduced in a similar amount. In October 2012, a bond with a volume of EUR 150 million that had become due was redeemed. This also resulted in a negative cash flow effect that was not incurred in 2013.

SELECTED GROUP KEY FIGURES

	2013	2012
Equity capital ratio (equity capital/balance sheet total)	40.3 %	43.5 %
Return on equity (parent company shareholder result/equity capital)	6.6 %	19.9 %
Return on assets (annual profit + interest cost)/balance sheet total	4.0 %	10.3 %
Working capital (current assets - current liabilities) in EUR m	433.6	395.3
Net debt (non-current financial liabilities + current financial liabilities - cash and cash equivalents) in EUR m	435.0	464.7
Net debt to EBITDA (net debt/EBITDA)	0.91	0.89
Interest coverage ratio (EBIT/interest expense)	4.45	7.77
Asset coverage (equity capital/non-current assets)	64.1 %	67.5 %

At EUR 148.9 million, the free cash flow for fiscal year 2013 was considerably higher than the value of EUR 90.2 million achieved the previous year.

INVESTMENTS

EUR m

	2013	2012
Intangible assets	33.6	27.3
Property, plant and equipment	228.9	248.7
Total investments	**262.5**	**276.0**

Investments

The Group's total investment activity amounted to EUR 262.5 million in 2013, of which EUR 33.6 million was invested in intangible assets and EUR 228.9 million in property, plant and equipment. In comparison to the previous year, this corresponds to a decrease in investment by EUR 13.5 million.

The largest share of investments in property, plant and equipment was in gaming devices, manufactured (mostly) in-house, with investments of EUR 143.4 million. Investments in intangible assets made during 2013 related mainly to licenses and concessions, software and other intangibles.

4. Segment Analysis

Segment Reporting Contents

NOVOMATIC's segment reporting follows the Group's dual market strategy.

The Gaming Technology segment includes the business areas related to the production and sale of gaming equipment. It also includes the distribution channel Online insofar as it refers to the B2B segment.

The Gaming Operations segment includes the area of Gaming Operations including Betting, as well as the distribution channel Online insofar as it refers to the B2C segment.

Gaming Technology

The external revenues in the Gaming Technology segment amounted to EUR 712.3 million in the year under review, representing a significant increase compared to the previous year (EUR 673.4 million).

EUROPE

Austria (Online & Mobile) – Greentube Group B2B

During fiscal year 2013, the rapid growth of the Greentube Group companies active in the B2B segment continued. Both for the products in the area of social gaming and for casino applications, market share was increased in the core markets, while at the same time new sales markets were opened up. The expansion via new media channels also developed in a satisfactory manner: revenues related to the product offerings for users of mobile devices now constitute a significant proportion.

Germany

The First State Treaty amending the State Treaty regarding Gambling in Germany (Glücksspieländerungsstaatsvertrag, GlüÄndStV) came into effect on 01 July 2012, and with the inclusion of Schleswig-Holstein in January of 2013, it now applies to all German federal states. For its implementation, a transitional period of five years was granted. The legislators' intention regarding commercial gaming is centered mainly on reduction of the offering of gaming possibilities and on strengthening player protection. This is to be achieved mainly through the establishment of distance regulations for slot arcades, as well as the prohibition of multiple concessions (i.e. the limitation to a maximum of twelve gaming devices per location). While the GlüÄndStV has been criticized by the EU Commission and serious constitutional concerns exist, no corrections to its legal provisions have been implemented so far.

For supplementary provisions, the GlüÄndStV refers to the executive regulations of the individual states stipulated by state laws on gaming salons. These individual state laws on gaming salons vary considerably. In certain cases, there are important differences regarding off-time provisions, distance regulations, advertising bans and identification requirements for players. The impact of the new regulations is not entirely foreseeable at present, which is also due in part to the expected stricter amendment to the Gaming Ordinance (further regulations for an improved protection of players and minors and for an avoidance of tax evasion and money laundering). It must, however, be assumed that the total number of gaming devices operated in Germany will decline considerably following expiration of the transition period in 2017, although higher capacity utilization of devices should result in a certain offsetting effect.

The focus of the German Group companies in the Gaming Technology segment is on the area of gaming machine rental. In Germany, the NOVOMATIC Group has long held a share of over 50 % of the market for commercial gaming devices, and in 2013 was able to successfully defend this market share. In light of the stricter regulatory framework, however, the number of rented gaming devices went down during the reporting period. As a result, the revenues of subsidiaries LÖWEN Entertainment GmbH and Crown Technologies GmbH came in below the previous year's value at a total of EUR 332.2 million.

Italy

Over the past few years, the Italian gaming market has opened up to international investors and is now one of the most developed markets in Europe with one of the strongest revenue levels. During the fiscal year 2013, NOVOMATIC was able to once again increase its market share in this core market. After entering into further delivery agreements, we are now the only company serving all VLT concessionaires on the Italian market with video lottery terminals. In addition to this and for the first time, we were able to enter into an agreement with one of the four Italian casinos for the provision of casino gaming devices.

The revenues of the Italian companies in the Gaming Technology segment increased to EUR 116.3 million during the reporting period. This increase was mainly due to the acquisition of an 80 % interest in the So.Ge. Slot S.p.A. group, as well as the acquisition of all shares of Vilo Entertainment S.r.l. Both groups of companies are specialized in the rental of gaming devices.

On the negative side, however, it must be noted that due to the further increase in gaming-related taxes as of January 2013, the takings in Italy declined.

Great Britain

During the reporting year of 2013, the Gaming Technology segment achieved revenues of EUR 78.1 million in Great Britain, compared to EUR 45.3 million in the previous year. It should be noted, however, that the acquisition of substantial assets of the Danoptra Gaming Group was not completed until the second half of 2012.

In Great Britain, the fiscal year 2013 was characterized by a difficult market environment. Expecting planned legislative amendments regarding the maximum stakes and prizes for all categories of gaming devices, the investment behavior of Astra Gaming Group's customers was rather cautious. The increase in the maximum payout of AWP gaming devices decided on in October 2013 is viewed as a thoroughly positive development, as a future increase in demand for Astra Gaming Group's devices can be expected.

Netherlands

During the fiscal year 2013, NOVOMATIC was able to enter the Dutch gaming market by completing several acquisitions (see also the chapter on the Netherlands in the "Gaming Operations" section).

In September 2013, a 100 % stake in Eurocoin Gaming Group N.V. (EGG) was acquired. The Eurocoin Group consists of four companies with business activities focusing on the development and sale of gaming products. At the time of acquisition, the newly acquired subsidiary Eurocoin Gaming B.V. was the exclusive sales partner for the products of Bell-Fruit Group Ltd. (also a NOVOMATIC Group company) in the Netherlands.

The acquisition of EGG expands the Dutch gaming production and operating activities of the JVH companies that were already acquired in May, the aim being to strengthen the market position and achieve significant synergies.

Spain

Despite the industry-wide decline in gaming revenues that the Spanish gaming market has been experiencing since 2008, this is still one of the largest gaming markets in Europe and therefore an important target market for the NOVOMATIC Group. In some regions of the country, amendments to legal provisions are planned that will affect certain device characteristics (relating, in particular, to the maximum stakes and prizes, as well as game speeds). These amended regulatory framework conditions offer NOVOMATIC Gaming Spain S.A. the opportunity of targeting the Spanish market even more successfully with new gaming devices. Despite the difficult initial situation, the revenues achieved within the Gaming Technology segment once again increased during the past fiscal year to reach a level of EUR 7.9 million.

Romania

As part of an international selection procedure carried out by the Romanian state lottery, NOVOMATIC was able to prove its pioneering role as a leading provider of video lottery systems during the fiscal year 2013. The 15-year partnership entered into with Loteria Romana provides for NOVOMATIC to deliver up to 10,000 sophisticated video lottery terminals (VLTs) as well as the requisite corresponding video lottery system (including a jackpot system, service, spare parts, logistics etc.).

A Romanian company established by NOVOMATIC specifically for this purpose will manage the project. The first VLTs offering some of NOVOMATIC's most successful games, as well as the corresponding system, were already put into operation in December of 2013.

Iceland (Lottery Technology) – Betware Group

In November 2013, the NOVOMATIC Group acquired a 90 % stake in Iceland's Betware Group. This group of companies specializes in the development and sale of state-of-the-art gaming platforms and electronic lottery solutions for state-owned and private lottery operators, as well as the support of online operators.

Betware's offerings will complement NOVOMATIC's extensive product portfolio, offering the Group a new bridge from video lottery terminals to further lottery segments.

INTERNATIONAL

South Africa

Muted economic development during 2013 resulted in lower investments by the main casino operators in South Africa. Nevertheless, AGI Africa Ltd. was able to increase its revenues to EUR 12.6 million during the reporting year. This was mainly due to the positive development of gaming device sales.

Latin America

The companies operating within the Gaming Technology segment in Latin America were only partially able to continue the positive development achieved in 2012. While business developed quite positively in Colombia due to increased rental and sales revenues, the Peruvian and Mexican sales companies experienced a decline in revenues during 2013.

Gaming Operations

External revenues in the Gaming Operations segment amounted to EUR 965.8 million in the year under review, representing a significant increase over the previous year (EUR 863.1 million).

EUROPE

Austria (Gaming Operations)

During the fiscal year 2013, ADMIRAL Casinos & Entertainment AG (ACE), a wholly owned subsidiary of NOVOMATIC AG, was able to obtain further licenses for state-licensed machine gaming in the federal states of Carinthia and Burgenland, after the company had already been able to secure licenses in the federal states of Lower Austria and Upper Austria during 2012.

While the rollout of gaming machines in Lower Austria was implemented as planned and a connection between the gaming machines and Austria's Federal Data Processing Center has been in place since 1 August 2013 (as required in accordance with the EGM Regulation), the rollout in the federal states of Upper Austria and Carinthia was delayed due to appeals submitted by competitors.

On 14 August 2013, the Independent Administrative Panel (Unabhängiger Verwaltungssenat, UVS) in Upper Austria rejected the defeated competitors' appeals and confirmed the original approval with two amendments. The first gaming machines in Upper Austria were put into operation in March of 2014. In Carinthia, due to an appeal brought forward, the granted license to operate 325 gaming machines was revoked by that federal state's Independent Administrative Panel on 16 December 2013.

In particular due to stricter regulations aimed at protecting non-smokers at the three locations in Vienna, the Austrian gaming operations of Austrian Gaming Industries GmbH (AGI) suffered a drop in revenues. Machine revenue amounted to EUR 89.2 million for the fiscal year 2013. In contrast to this, HTM Hotel und Tourismus Management GmbH (HTM) and Wett Café Betriebsgesellschaft m.b.H. managed to post stable revenues and profits for the reporting year.

Despite the lack of a major soccer event, ADMIRAL Sportwetten GmbH was able to increase its gross yield from betting by 5.7 % to EUR 37.1 million. This is mainly due to the expansion of the sports betting terminal business. Nevertheless, the result was clearly below the previous year's level. The reasons for this are increased other provisions related to a tax audit completed in December of 2013, although a complaint was filed against the notice of assessment received.

Austria (Online & Mobile) – Greentube Group B2C

During the fiscal year 2013, the Greentube Group companies active in the B2C segment were able to continue their positive business development. Particularly Cervo Media GmbH, a company acquired during the reporting period that develops and sells gaming apps for smartphones, was able to make a significant contribution to the increase in revenues. The use of mobile devices is becoming more and more important in the B2C segment, as well, and should have a strong impact on the future development of revenues.

Germany

In Germany, the NOVOMATIC Group owns casinos and also operates companies in the area of commercial machine gaming. In September of 2013, NOVOMATIC AG acquired a 51 % stake in the SIM casino group and now holds 100 % of its shares. With the completion of the acquisition of SIM Group, NOVOMATIC came to operate a total of 11 casino locations in Germany as of the balance sheet date of 31 December 2013. While the SIM Group achieved stable revenue development during the fiscal year, the Spielbank Berlin Group was able to increase its revenues as a consequence of acquiring the facility located at the Berlin Television Tower.

The German operating companies Extra Games Entertainment GmbH and BPA Freizeit und Unterhaltungsbetriebe GmbH, which operate in the market for commercial machine gaming, and Admiral Play GmbH (acquired in 2012) were able to achieve very positive business development. Extra Games, in particular, was able to grow its revenues significantly, despite the difficult market environment and a slight reduction in the number of operating locations.

Contrary to this positive operating development, it became necessary during the fiscal year 2013 to record an impairment loss. During 2012 and 2013, legal provisions were enacted (the First State Treaty amending the State Treaty regarding Gambling in Germany (GlüÄndStV) and related state laws on gaming salons) that have resulted in significantly stricter overall conditions for the industry. Although a transitional period (for the protection of vested rights) through 30 June 2017 is legally stipulated, it was mandatory according to IAS 36 to immediately recognize the entire impairment loss established during an impairment test in profit and loss during the fiscal year 2013.

The impairment test was performed together with external service providers, with this test's scope including all slot arcades run by the operating companies active in the area of commercial machine gaming. The main focus was on scenarios regarding site shutdowns and the withdrawal of concessions. The impact of more restrictive legal interpretations on the gaming facilities was investigated. Although individual state laws on gaming salons may include provisions regarding the protection of investments (in particular for the avoidance of undue hardship), these are not regulated in a consistent manner, and their interpretation by the respective authorities in charge is currently unclear.

In total, the identified impairment loss for all three companies amounted to EUR 38.7 million. The largest share of this relates to the impairment of usage rights for electronic casinos (intangible assets), as well as an impairment of property, plant and equipment (in particular properties and buildings, as well as fixtures, furniture and office equipment).

Italy

All gaming operators active in Italy, among them NOVOMATIC, are affected by the significant increase in the "Preu" Tax on gaming (related to the revenues with VLTs), which over the course of only a few years was increased from 2 % to 5 %. In addition to this, the economic environment in Italy, which has been strongly affected by the recession, has resulted in lower disposable incomes and a reduced willingness to consume. Due to these circumstances, an impairment test for the relatively young Italian gaming operations, which are still in the development stage, resulted in an impairment loss of EUR 15.4 million, which was recorded in its entirety during the fiscal year 2013.

The revenues of the NOVOMATIC Group's Italian gaming operations increased during the reporting period, mainly due to the increase in the number of operated locations to 141 (compared to 118 in the previous year). In addition to this, facilities are constantly being optimized and cost reduction programs are being implemented in order to counteract the negative general conditions.

G. Matica S.r.l., one of the NOVOMATIC Group's Italian companies and one of ten concessionaires for video lottery terminals in Italy, was once more able to increase its revenues during the past fiscal year. And through the purchase of 600 additional VLT licenses in November of 2013, NOVOMATIC will continue to grow in this market over the next year.

In February of 2012, all ten gaming concessionaires in Italy (and thus also G. Matica S.r.l.) were sentenced by the Chamber of the National Court of Audit (Corte dei Conti) responsible for the region of Latium to pay damages amounting to a total of EUR 2,475 million. To be precise, G.Matica S.r.l. was sentenced to pay EUR 150 million (plus interest for the period since the verdict). However, this ruling is not yet final. The verdict was founded on allegedly culpable breaches of contract by G.Matica S.r.l. relating to the outdated networked settlement system installed in gaming machines during 2004 through 2007, as well as on the alleged "public damages" incurred. An appeal was submitted against the verdict within due time, and a new hearing date was set for the summer of 2014.

The NOVOMATIC Group has established suitable provisions for the above mentioned proceedings. Within the scope of the ongoing evaluation of the pending lawsuit, the NOVOMATIC Group is evaluating all possible courses of action, including procedural steps as well as, in particular, the conclusion of a settlement.

Netherlands

During the fiscal year 2013, NOVOMATIC was able to enter the Dutch gaming market by completing several acquisitions (see also the chapter on the Netherlands in the "Gaming Technology" section).

In May 2013, NOVOMATIC's newly established company Novo Gaming Netherlands B.V. acquired 100 % of the shares of the two Dutch gaming companies JVH exploitatie B.V. and JVH gaming products B.V., two of the country's most venerable and renowned gaming companies. While JVH exploitatie B.V. is an important operator of gaming devices in the so-called single site market, JVH gaming products specializes in the design, development, assembly and sale of gaming devices for the single site market.

In addition to this, an asset deal was concluded in October 2013 to acquire the material assets of a Dutch company focused on the operation of gaming devices in third-party establishments. The intention behind this acquisition is to realize further synergies within the Dutch machine placement business.

CEE & SEE

The Group companies within the regions of Central Eastern Europe (CEE) and South Eastern Europe (SEE) succeeded in exhibiting positive business development during the past fiscal year.

In Croatia, eight further locations were inaugurated during the reporting year, allowing for an increase in machine revenues to EUR 26.8 million.

The number of operated facilities in Macedonia increased slightly over the previous year, while machine revenues were also boosted to EUR 13.0 million. In addition to this, Casino FlaminGO, located near the border to Greece, was acquired during 2013. Apart from the casino with 450 gaming machines and 30 gaming tables, this casino complex also includes two restaurants, a concert stage and a five-star hotel.

The 72 facilities operated in Albania achieved revenues of EUR 20.4 million in 2013, which represents a slight increase over the previous year. The positive development is the result of the almost complete shutdown of illegal gaming salons operated by competitors in Albania since October 2013.

The operating companies in Romania were able to grow their revenues to EUR 19.7 million during the reporting period, and the number of facilities operated was also increased during 2013.

In Latvia, the most important market within the CEE region, the two subsidiaries Admiralu Klubs SIA and Alfor SIA with a total of 125 gaming facilities were able to defend their strong market position. The development of machine revenues in Latvia was stable at a level of EUR 69.9 million.

INTERNATIONAL

Peru

In Peru, the number of facilities operated was increased from 16 to 17 during the reporting period, and the number of operated gaming devices saw yet another increase. Machine revenues rose by 18.1 % to EUR 23.9 million.

Chile

In March of 2013, a law for the protection of non-smokers was enacted, the effects of which were very noticeable at Casino Monticello. Both the number of visitors and the average revenues per gaming device declined due to this new law. This shareholding is shown in the Consolidated Financial Statement as an associated company.

Miscellaneous

I-New Group

During the fiscal year 2013, NOVOMATIC AG acquired 76.8 % of the shares of the I-New Group. The company consists of the Austrian I-New Unified Mobile Solutions AG, headquartered in Mattersburg, as well as its international subsidiaries (in Chile, Colombia and Hungary).

The I-New Group is one of the leading global providers for mobile virtual network operators (MVNO) and has, among other things, developed the mobile communications technology for entry into the Latin American market by one of the most important international mobile communication groups, Virgin Mobile.

NOVOMATIC expects this acquisition to provide new impulses as well as synergies in the area of mobile gaming and entertainment.

5. Branches

During the reporting period, no branches were registered in the commercial register.

6. Individual Financial Statements of NOVOMATIC AG (Condensed Version in Accordance with the Austrian Uniform Commercial Code (UGB))

The following includes a discussion of the development of NOVOMATIC AG as a supplement to the reporting on the NOVOMATIC Group.

The annual financial statement (individual financial statement) of NOVOMATIC AG is prepared according to the accounting and valuation principles of the Austrian UGB (Uniform Commercial Code). According to these regulations, the affiliated companies are identified as part of the financial assets. As such, the individual financial statement only provides an outtake of the economic situation of NOVOMATIC AG and its affiliated companies.

NOVOMATIC AG is the holding company of the NOVOMATIC Group, which performs the financing and controlling function in the Group. In addition to this role, NOVOMATIC AG is also the owner of the majority of the NOVOMATIC Group's intellectual property rights as well as of a significant share of the Group's property portfolio in Austria.

Earnings Position

During the past fiscal year, NOVOMATIC AG increased its revenues against the previous year's level by 7.2 % to EUR 70.7 million. The most significant deviation was in licensing income from affiliated companies.

Personnel expenses declined from the previous year's level to EUR 11.4 million. This is mainly due to lower special payments related to the new remuneration scheme that was introduced in 2012.

The other operating expenses declined by EUR 6.0 million from the previous year's level. Apart from lower expenses for provisions related to possible site shutdowns, the expenses for research and development at NOVOMATIC AG also declined.

Earnings before interest, taxes, and depreciations and amortizations (EBITDA) increased to EUR 34.6 million, and the EBITDA margin came in at 48.9 %.

Depreciations increased by EUR 10.9 million to EUR 31.7 million during the fiscal year 2013. This change is due both to increased investment activities in the area of intangible assets and to the fact that this item also includes the writedown on the precious metals owned by NOVOMATIC AG.

The financial result declined significantly against the previous year by EUR 126.6 million to EUR 40.3 million, due essentially to lower income from shareholdings.

After the addition of income taxes amounting to EUR 6.7 million, and taking the Group taxation into consideration, the annual profit was EUR 49.8 million compared to EUR 156.8 million in 2012.

Assets Position

Fixed assets increased by EUR 83.4 million against the previous year to a total of EUR 1,033.8 million. This increase was mainly attributable to financial assets, in particular to the items "Investments in affiliated companies" and "Loans to affiliated companies."

The increase in liabilities to affiliated companies reflects the 2013 launch of NOVOMATIC cash pooling, which is managed by NOVOMATIC AG.

During the past fiscal year, NOVOMATIC AG's balance sheet total increased by 12.2 % to EUR 1,283.3 million.

FINANCIAL KEY FIGURES NOVOMATIC AG

EUR m

	2013	2012	Change
Sales revenue	70.7	65.9	4.8
Personnel costs	11.4	24.8	-13.4
Depreciations and amortizations	31.7	20.8	10.9
Other operating expenses	32.7	38.8	-6.0
EBITDA	34.6	4.6	29.9
EBITDA margin in %	48.9 %	7.0 %	
Financial result	40.3	166.8	-126.6
Annual profit	49.8	156.8	-107.0

Current assets increased by EUR 53.2 million against the previous year to EUR 239.5 million, mainly due to increased money market investments with banks with good credit ratings. Receivables, on the other hand, remained nearly unchanged at EUR 149.8 million.

The company's equity capital remained unchanged at EUR 26.0 million. With capital reserves of EUR 1.0 million, a net profit of EUR 1.6 million, a balance sheet profit of EUR 283.0 million and untaxed reserves amounting to EUR 0.1 million being taken into consideration, equity capital increased to EUR 311.7 million. Equity capital's share of total capital now amounts to 24.3 %, compared to 27.1 % in the previous year.

While provisions were slightly down, liabilities increased from EUR 810.3 million to EUR 950.4 million. The bond issued in January of 2013 increased the liabilities from bonds from EUR 350.0 million to EUR 600.0 million. A substantial share of the proceeds from the issue was used to optimize the financing structure, allowing us to reduce bank liabilities by EUR 223.5 million during the reporting year to a current amount of EUR 214.7 million.

7. Non-Financial Performance Indicators

Employee Issues

During the reporting year of 2013, the number of employees in the NOVOMATIC AG Group increased by 15.6 % to total 16,022 employees (headcount as of the balance sheet date, December 31, 2013). This increase reflects the continuation of the Group's growth trajectory. NOVOMATIC AG had 67 employees as of the balance sheet date.

As a company with a strong international orientation, NOVOMATIC accords considerable importance to diversity in the structure of its personnel. This is reflected in the high number of female employees at all levels of hierarchy, as well as in the considerable number of employees of different nationalities. In Austria, approximately 38 % of all employees were women; in the foreign subsidiaries, this share was approximately 44 %. The age structure is well-balanced, and all age groups are well represented. The average age at the Austrian companies is approximately 38 years.

It is very important to the NOVOMATIC Group to have highly qualified employees. Through individual training and further education measures, it is ensured that future challenges in a complex environment are overcome as effectively as possible. Apart from training sessions requiring personal attendance, we also focus on innovative learning technologies in order to allow our employees time- and location-independent interactive, flexible learning at their own personal pace. In order to allow for a task-specific, high quality further education, the NOVOAcademy team endeavors to ensure a broad range of training opportunities and to support the individual departments in their selection of suitable courses.

The optimization of apprenticeship training in Austria initiated in 2012 was completed during 2013. In order to guide apprentices during the entire period of apprenticeship, regular reports as well as feedback conversations with their instructors have been introduced. In addition to this, there is rotational feedback when they switch from one department to the next, as well as a future-oriented career conversation upon completion of the apprenticeship. Bonuses for good academic results offer further motivation. In Austria, the demand for an apprenticeship combined with a Matura is on the rise and is supported by NOVOMATIC through numerous initiatives. This affords apprentices the opportunity to pursue further academic careers after completing their apprenticeships.

NOVOMATIC's attractiveness as an employer is confirmed by the quick filling of relevant positions and its low turnover rate in comparison to the rest of the industry. Since 2013, the new NOVOMATIC career portal (careers.novomatic.com) has been online. With this, NOVOMATIC is able to follow an employer branding strategy and reposition itself as a diverse employer, thereby going beyond the mere function of a gaming company. It also offers us the possibility to convey a more specific image of the NOVOMATIC Group.

8. Significant Events after the Balance Sheet Date

In January of 2014, Novo Gaming Netherlands B.V., a wholly owned subsidiary of NOVOMATIC, acquired three companies owned by Christoffel Groep B.V. The transaction included the Christoffel Group's gaming facility operations (nine electronic casinos) and single-site operations (470 locations). This acquisition strengthens the NOVOMATIC Group's position in the Dutch market for machine placement, while at the same time facilitating entry into the Dutch gaming salon market.

In January of 2014, UAB Azarto technika, a company in which NOVOMATIC holds a stake of 80 %, acquired 50 % stakes in both UAB VSGA and UAB Taxillus. Taken together, UAB VSGA and UAB Taxillus constitute a casino group in Lithuania in which UAB VSGA holds an open-ended casino license, while UAB Taxillus operates under a gastronomy license. The newly acquired companies currently operate four casino locations in Lithuania.

As of 5 March 2014, NOVOMATIC prematurely terminated the revolving consortium credit facility granted on 9 April 2009 in the amount of EUR 188.5 million. This loan had already been refinanced on 28 February 2014 with a credit facility in the amount of EUR 250 million and a maturity of six years.

9. Prospective Development of the Group

For the fiscal year 2014, we once again expect to continue our revenue growth. A major contribution to this development will be made in particular by the newly acquired companies.

In Austria, ADMIRAL Casinos & Entertainment AG, a wholly-owned subsidiary of NOVOMATIC AG which until now only had operations in Lower Austria, will continue to roll out gaming devices on the basis of the state licenses received for further federal states (according to § 5 GSpG). In terms of the possible prohibition of so-called "low-stakes gaming" ("kleines Glücksspiel") in Vienna at the end of December 2014, however, there is a risk of considerable future revenue losses in the federal capital.

With regard to the three remaining individual licenses for casinos (according to § 21 GSpG) for which ADMIRAL Casinos & Entertainment AG has applied, it is expected that these will be granted during the course of 2014.

In Germany, generally declining market development is expected for 2014, and this would also entail consequences for the NOVOMATIC Group companies. The decisive factor behind this development is the change to the legal situation effected by the

First State Treaty amending the State Treaty regarding Gambling in Germany (Glücksspieländerungsstaatsvertrag) and the supplementary executive regulations enacted by the individual states, which will presumably result in a muted willingness to invest within the German gaming industry.

In Italy, an increase in revenues is expected, both because of the higher number of rented gaming devices and in light of the positive revenue trend achieved by the Italian gaming operations owned by NOVOMATIC.

In the CEE and SEE markets, an increase in revenues is expected due to the newly acquired companies and a joint venture operated together with the Romanian state lottery.

For the Group companies located in Latin American countries, stable revenue development is expected for the fiscal year 2014. This is, however, strongly dependent on further macroeconomic developments in this region.

For 2014, the positive development of the online gaming segment is expected to continue. Here, the focus is mainly on strengthening the position within the European online gaming market and expanding into new markets. In this context, the NOVOMATIC Group companies will benefit from the ongoing trend toward social gaming and mobile gaming.

10. Risk Management

Within the scope of its business activities, the NOVOMATIC Group is subject to a number of risks which inevitably arise in connection with entrepreneurial activities. Risk management, as it is understood and applied within the NOVOMATIC Group, aims both to secure the long-term existence of the company and to increase value added. It therefore represents a major success factor for the Group.

Risk Management System

NOVOMATIC engages in extensive risk management that involves all major Group companies. The risk management system aims at systematically identifying, evaluating, controlling, monitoring and documenting material risks and risks that directly jeopardize the company's existence in order to ensure achievement of the corporate objectives and to increase risk awareness within the Group.

All risks and opportunities, which are determined and analyzed systematically, are recorded within a professional, IT-based risk management system which ensures that the risks, as well as the assigned management measures and control mechanisms, are monitored on a permanent basis.

For a continued monitoring of the risk and opportunity situation and to ensure active controlling, the risks and opportunities are assigned to the responsible individuals within the individual corporate areas and Group companies. It lies within the responsibilities of the risk officers to define measures aimed at dealing with the individual risks or to seize opportunities to promote their implementation, to document newly arising risks and opportunities, and to perform reassessments of the identified opportunities and risks at regular, defined intervals. Central risk management supports the individual areas in a consulting function and ensures the continuous updating and further development of the risk management system.

Central Group risk management, which is assigned to the internal audit department, monitors implementation of the defined countermeasures and reports regularly to the Board of Directors regarding the current risk situation.

Important Features of the Internal Control System in Terms of the Financial Reporting Process

The predominant objective of the accounting-related internal control system at NOVOMATIC is to ensure the correctness of financial reporting, i.e. to verify that the consolidated financial statements and the management report comply with all relevant regulations. As a guide for this process, the internal control system at NOVOMATIC relies on the comprehensive enterprise risk management approach developed by the COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Control Environment

NOVOMATIC AG's Board of Directors is responsible for the establishment of an appropriate internal control and risk management system with regard to the accounting process. In order to evaluate the appropriateness and effectiveness of the internal control system, the Board of Directors has instructed the internal audit department to continuously analyze the main process, the respective related risks, and existing control measures and to report the results to the Board of Directors.

In the area of Group accounting, the organizational structure consists of the local departments responsible for accounting within the individual Group companies, as well as NOVOMATIC AG's central accounting department. The Group companies prepare complete and correct individual financial statements according to IFRS on the respective company level, based on the uniform Group-wide accounting and valuation principles.

The main tasks and responsibilities of the Group accounting department are analysis of the reported Group company data, the performance of consolidation and elimination measures and the corresponding preparation of financial reports. It is this department which is also responsible for the preparation of the consolidated financial statements.

Risk Assessment

In order to avoid material misstatements in the presentation of transactions, multilevel quality assurance measures have been implemented with the objective of ensuring that the individual financial statements according to IFRS are recorded correctly for the purpose of consolidation. These measures include automated controls within the consolidation software as well as manual controls performed by employees of the subsidiaries and by employees of the Group accounting department.

Based on the financial statements for the individual Group companies, Group accounting performs comprehensive plausibility and data quality checks on several levels. This aims at ensuring that the data reflecting the Group companies' transactions is properly recorded for the purpose of consolidation or for preparation of the consolidated financial statement.

In addition to this, Group accounting enlists the support of external service providers for certain issues that require specialist knowledge, such as the evaluation of pension obligations and severance payments.

Control Activities

The Group's unified accounting and measurement methods are summarized in the Group manual. Amendments to the IFRS are continuously monitored by Group accounting and included in the Group manual on an annual basis. This update is followed by publication of the manual's current annual version.

The Group companies prepare the individual financial statements mainly using Microsoft Dynamics NAV. Further ERP systems currently in use include proAlpha and SAP. The data is transmitted electronically in a standardized format and imported into the consolidation software (IDL Konsis) by Group accounting. For the accounting related IT systems, access privileges have been defined in order to ensure that sensitive data is protected from unauthorized access, use and modification.

Information and Communication

The Board of Directors keeps abreast of the relevant developments in the Group companies through regular reports prepared by the Group financial department. This includes, above all, the development of current earnings as well as any detected major deviations from the approved annual budget, calculation of the Group cash flow, and calculation of the result- and value-oriented key figures.

The Board itself informs the Supervisory Board on a quarterly basis regarding the development of the corporate Group as a whole as well as the development of the individual business areas.

Monitoring

Monitoring of compliance with ongoing accounting processes (with the exception of the annual financial statement's preparation) is done by the Group's auditing department, which reports directly to the Board. The Group's auditing department has documented all financial reporting processes as part of the internal control system and has monitored compliance with the defined controls at regular intervals.

As per the Austrian Company Law Amendment Act (URÄG) of 2008, the Supervisory Board is also included in the control system via the auditing committee. The auditing committee's main responsibilities include monitoring the accounting process, monitoring the internal control and risk management system, monitoring the audit of the consolidated financial statements, and critically appraising the audited consolidated financial statements as well as the Group management report.

Compliance

In addition to the types of risk described, there are also threats related to the reputation and the competitiveness of the company as a whole. As one of the basic principles of entrepreneurial activities, NOVOMATIC pays particular attention to compliance with statutory and ethical regulations.

The term "compliance" is used to describe all measures with which the company ensures that laws, regulations and voluntary codes are adhered to. NOVOMATIC's compliance activities focus mainly on measures aimed at ensuring that national and international law on the prevention of criminal acts, market abuse, money-laundering and misuse of data are adhered to.

The Group's compliance system is based on NOVOMATIC's Code of Conduct, a guideline which is binding for all employees and all business areas. In the Code of Conduct, the employees find guidelines and principles for value-based and lawful behavior during day-to-day business activities. This Code of Conduct also provides the basis for training activities related to integrity and compliance. Depending on the risk and the target group, training sessions requiring personal attendance as well as web-based training events are held. An e-learning tool allows us to educate a large number of employees on issues such as data protection, property rights violations and the fight against corruption.

The Code of Conduct provides the foundation for the Group-wide compliance organization. Throughout the entire Group, there are designated contact persons for questions regarding the issues mentioned within the Code of Conduct. In addition to the compliance manager at NOVOMATIC AG, there are local compliance officers at the Group companies who continuously report to the Group and thereby ensure that ethical and rule-consistent behavior is sustainably anchored throughout the entire company.

Significant Risks and Uncertainties

The following is a detailed description of the risks and uncertainties that can have a major influence on the asset, financial and earnings position as well as the reputation of the NOVOMATIC Group.

BUSINESS AND MARKET RISKS

Expansion into new markets or product areas may be unsuccessful and the success of the strategy pursued by the NOVOMATIC Group is uncertain.

A central element of the NOVOMATIC Group's growth strategy is the geographic diversification of its business by entering markets that offer opportunities for growth. There is a risk that in the future, for various reasons including legal conditions, NOVOMATIC may not or only to a limited extent be able to pursue this expansion course, or may not be able to expand its product offerings.

The NOVOMATIC Group's economic success depends on its management and key employees.

NOVOMATIC's business success comes thanks to the existing knowledge and the expertise of its management and employees. Should one or several individuals in key positions leave the company, there is a risk that NOVOMATIC might not be able to recruit qualified individuals with comparable know-how within an appropriate timeframe in order to tackle emerging challenges.

The NOVOMATIC Group is dependent on technology systems and relies on technologies and sophisticated information technology systems that could be subject to malfunctions, disruptions or illegal attacks and fraudulent activities.

NOVOMATIC operates in a highly technology-dependent field of business in which new technologies are developed or used within short innovation cycles. There is a risk that innovative technologies and developments may not be recognized by NOVOMATIC at a sufficiently early stage.

The integrity, reliability and operative performance of the NOVOMATIC Group's IT systems are essential to the business. The IT systems may be damaged or interrupted due to increased load, human error or natural catastrophes. Illegal attacks or fraudulent manipulation could also damage or disrupt the IT systems. Any damage to the IT systems could result in widespread business problems and force NOVOMATIC to deploy considerable financial means in order to remedy such problems.

Risks related to pathological gaming behavior and lawsuits brought forward by players.

In the context of its operating activities, the NOVOMATIC Group could be subject to legal proceedings demanding the refund of gaming and betting stakes, for example in connection with pathological gaming behavior, provided that this results in the player's legal incapacity, in particular. In addition to this, NOVOMATIC could be subject to legal claims such as for damages stemming from the conclusion of gaming and betting contracts.

The NOVOMATIC Group could suffer losses due to technical errors, illegal attacks or fraudulent manipulation.

The NOVOMATIC Group's business success is strongly dependent upon the ability to discover and prevent fraudulent manipulation or illegal attacks on products. Should one of the NOVOMATIC Group's products be subject to technical errors, fraudulent activities or illegal attacks, this could negatively impact NOVOMATIC's reputation. This could result in NOVOMATIC incurring losses or being subject to damage claims, or in a withdrawal of licenses by the responsible authorities. Claims for damages due to technical, organizational or program-related errors are partially insured against.

Technical errors, illegal attacks or fraudulent activities could seriously impair the NOVOMATIC Group's ability to manufacture its products. If NOVOMATIC were to be unable to achieve its production targets or supply products to the customers because of such interferences, this would have a strongly negative impact on the company's reputation and sales revenues.

NOVOMATIC is also subject to the risk of a temporary or permanent interruption of operations due to internal manipulations. Inappropriate behavior could force NOVOMATIC to temporarily or permanently shut down certain business areas or business locations on account of official orders.

The NOVOMATIC Group is subject to the risk of losing its image.
The image of the NOVOMATIC Group and its brands is strongly influenced by their business partners and by media coverage of the gaming industry. Inappropriate behavior by business partners or negative coverage in the media could result in damage to its image and, consequently, in the loss of financing by banks or the withdrawal of licenses.

Risks due to product liability or product defects.
The NOVOMATIC Group could be held liable for damages caused by defective products due to applicable product liability provisions. There is, furthermore, a risk that third parties could bring forward claims against NOVOMATIC AG or one of its affiliated companies due to unexpected product defects. This risk has largely been insured against.

If defective products are not replaced (at all or in a timely fashion), this may also result in a loss in revenues to the NOVOMATIC Group.

The NOVOMATIC Group's production activities depend on the availability of high-quality raw materials und semi-finished products provided by a limited number of suppliers.
The NOVOMATIC Group's production relies on the availability of high-quality raw materials and semi-finished products. Inventory shortages or an increase in demand could result in an increase in raw material costs, as well as in production problems or interruptions and hence in delivery problems for the NOVOMATIC Group.

In addition to this, the NOVOMATIC Group sources a considerable amount of raw materials and semi-finished products from a limited number of external suppliers. Should one of these suppliers be unable to supply its goods (at all or in a timely fashion), NOVOMATIC would be forced to search for more expensive alternatives. This could also result in a considerable impairment of NOVOMATIC's production capabilities.

The NOVOMATIC Group is subject to the risk of a temporary or permanent disruption of production or operations due to external events.
Some of the NOVOMATIC Group's companies are located in parts of the world where the weather conditions are extreme, which are subject to an elevated risk of natural catastrophes, or where terrorist attacks may occur. These factors could result in the temporary or permanent interruption of NOVOMATIC's business activities. The NOVOMATIC Group cannot guarantee that it will be able to insure itself against such risks.

For reasons of efficiency, the NOVOMATIC Group has concentrated a considerable share of its production in a few manufacturing locations. Production at these manufacturing locations is subject to numerous operative risks including machine failure, labor shortages, accidents, natural catastrophes and power outages. The occurrence of such risks could negatively impact NOVOMATIC's business activities and result in economic losses as well as legal liabilities.

The NOVOMATIC Group is not insured against all risks, and its insurance contracts may not be sufficient to cover certain losses.
NOVOMATIC's operating activities are subject to complex operative risks such as climatic conditions, political unrest, terrorist or similar activities, or other events or accidents at the Group's production facilities. Such risks could result in damage to NOVOMATIC's production facilities, personal injury, death,

environmental damage, business interruptions and possible liabilities. NOVOMATIC is not insured against all risks mentioned above. It also cannot be guaranteed that any payments from existing insurance contracts will be sufficient to cover all possible damages.

Risks related to changes in customer behavior.
Diverse recreational and entertainment options entail constantly changing customer behavior. In order to maintain NOVOMATIC's market position in its target markets, product adjustments and continuous innovation are required. There is a risk that customer or consumer desires may be recognized not at all or only when it is too late. In addition to this, a further increase in the trend towards online gaming could result in a decline in the number of visitors to the terrestrial gaming facilities.

The NOVOMATIC Group is subject to competitive risks.
Some of NOVOMATIC's competitors have extensive financial, technical and other resources at their disposal. There is a risk that the number of competitors – in particular the number of companies providing online gaming and betting services – will continue to increase. In addition to this, there is the risk that the competition on currently profitable markets will intensify, should NOVOMATIC not be able to offer innovative and competitive products or should the company not receive the required gaming licenses.

The NOVOMATIC Group is dependent on certain markets.
The majority of NOVOMATIC's revenues are generated in a limited number of markets. As these are relatively well-developed markets, further growth opportunities are rather limited. NOVOMATIC plans to expand its business activities in other markets, for which considerable resources are being deployed. There is a risk that the anticipated growth in these countries and regions will not be realized, and/or that the NOVOMATIC Group will not be successful in implementing its strategies there.

LEGAL AND GEOGRAPHIC RISKS

The NOVOMATIC Group's international business entails economic, political, legal, and other risks.
The NOVOMATIC Group conducts business in more than 60 countries. Some of these countries are politically or economically unstable, which subjects NOVOMATIC to certain risks. Social unrest or strikes could force NOVOMATIC to interrupt or halt its business activities.

The gaming industry is subject to particularly frequent and sudden legal amendments that can make business significantly more difficult or prohibit it entirely. Insufficient legal or administrative prerequisites in some countries can furthermore provide insufficient protection for the NOVOMATIC Group's intellectual property or other rights. In some of these countries, crime and corruption are widespread, which could have a negative impact on the NOVOMATIC Group's business.

Risks due to possible changes in gaming laws or fiscal conditions in the countries in which the NOVOMATIC Group does business.
The NOVOMATIC Group operates on the basis of currently prevailing political, economic, legal and fiscal conditions. NOVOMATIC is subject to the risk of changes to legal and fiscal conditions. Changes which have already been adopted, in particular in connection with the First State Treaty amending the State Treaty regarding Gambling in Germany, with the Austrian Gaming Act, with changes in administrative practices, or even with a possible additional prohibition of gaming machines (including in parts of Austria, such as any prohibition of so-called "low-stakes gaming" in Vienna or in other jurisdictions in which NOVOMATIC is active) also have a sustained impact on NOVOMATIC's business activities. On the international level, for example, the increase in gaming taxes in Italy constitutes a risk to the NOVOMATIC Group.

Risks due to the dependence on national licenses, regulations on competition, and statutory provisions regarding the operation of gaming and betting facilities, as well as risks due to the dependence on production, sales and product licenses.
In the countries in which NOVOMATIC does business, the operation of gaming and betting facilities requires a license, concession or other type of permission by the authorities in charge. Such licenses/concessions are usually granted for a limited period of time or in the form of license agreements with limited duration. Should no option for prolongation be provided, or if an extension were only possible under economically unacceptable or untenable conditions or requirements, NOVOMATIC would need to participate in new tender procedures in order to recover such a license/concession.

Within the core market of Austria, NOVOMATIC is applying and has applied for concessions required to operate casinos and electronic casinos. NOVOMATIC cannot guarantee that the participation in such procedures for the award of concessions will be successful or that the award of a concession will not be subsequently contested.

In the countries in which NOVOMATIC does business, a permit by a state gaming authority is frequently required in order to be able to sell gaming devices and other gaming products and services. Both manufacturing and sales licenses are generally granted for a limited period of time and are subject to an audit by competent inspecting authorities and a subsequent certification. Once licenses have been granted, they are usually extended automatically, provided that all of the license requirements are fulfilled. The possibility cannot be excluded that, despite the utmost care, legal provisions, regulatory requirements, technical standards or licensing conditions may not be complied with within the NOVOMATIC Group, which could result in the partial or complete withdrawal of a license, the determination of breaches of competition laws, or other types of damages to the NOVOMATIC Group's asset, financial and earnings positions or reputation.

Risks related to legal proceedings and arbitration proceedings.
The NOVOMATIC Group is involved in legal disputes or administrative proceedings or threatened by legal disputes or administrative proceedings resulting from the Group's regular business activities.

G.Matica S.r.l., a NOVOMATIC Group company headquartered in Italy (as well as nine other Italian gaming concessionaires against whom related charges were brought forward), was sentenced by the court of first instance to pay damages amounting to EUR 150,000,000 in February 2012. G.Matica S.r.l. has appealed this verdict. Due to a challenge for bias which was not brought forward by the NOVOMATIC Group, the hearing that had been scheduled for January of 2014 was moved to June of 2014.

Since the initiation of these proceedings, six of the originally ten affected gaming concessionaires have reached settlement with the Chamber of the National Court of Audit (Corte dei Conti) responsible for the region of Latium, agreeing on settlement payments amounting to 30 % of the amount specified in the verdict passed by the court of first instance. The NOVOMATIC Group has established suitable provisions for the above mentioned proceedings. Within the scope of the ongoing evaluation of the pending lawsuit, the NOVOMATIC Group is evaluating all possible courses of action, including procedural steps as well as, in particular, the conclusion of a settlement. Should the appeal brought forward by G.Matica S.r.l. be not successful or should settlement negotiations fail, this could have a negative impact on the NOVOMATIC Group's asset, financial and earnings position.

Risks due to possible tightening of regulatory measures.
Gaming, and in particular online gaming, is currently not harmonized on the EU level. The individual legal frameworks of the EU member states are, in some cases, disputed by gaming law experts. There is a risk that, in the future, limitations regarding gaming and betting could be implemented on a national level. In addition to this, regulatory measures such as e.g. access restrictions, stricter player protection measures, provisions for the protection of non-smokers, technical requirements, advertising bans or location requirements could be introduced. Such measures could result in a decline in the number of visitors and the revenues earned.

Evolving legal systems and tax structures, in particular in the Central, Eastern and South Eastern European countries as well as in Latin America, could have a considerable detrimental impact on the NOVOMATIC Group.
Legal systems, in particular in the Central, Eastern and South Eastern European countries as well as in Latin America, have been subject to a profound transformation over the past few years. In some of these states, the legal order and legal systems are still at an early stage of development, resulting in the inconsistent application and interpretation of legal norms. These countries therefore still lack the experience, precedent-setting cases or other suitable interpretation substitutes by which practitioners are bound and guided.

In particular, NOVOMATIC is subject to a high number of taxation standards that, in some cases, have only been in effect for a short period of time. This frequently makes the administrative practice by which they will be implemented impossible to forecast. Taxpayers such as NOVOMATIC regularly need to turn to the courts for help in order to defend their position against the tax authorities. Therefore, there is a risk that NOVOMATIC might become subject to unpredictable and burdensome taxation.

The NOVOMATIC Group is subject to risks related to intellectual property.

The NOVOMATIC Group develops, produces and sells sophisticated technological gaming equipment and systems that, to a large extent, are protected by industrial property rights such as trademark protection rights, patent rights and rights for the protection of registered designs, as well as copyright. There is a risk of third parties violating industrial property rights or copyrights belonging to the NOVOMATIC Group, as well as of NOVOMATIC violating the industrial property rights or copyrights of third parties. In particular, there is a risk that developments owned by NOVOMATIC might be copied and illegally used or introduced onto the market by third parties.

NOVOMATIC is also subject to the risk that third-party components included in own products might violate certain intellectual property rights. In such cases, NOVOMATIC could be obligated to either not use said intellectual property rights or to pay considerable licensing fees to third parties. NOVOMATIC is also subject to the risk that third parties might acquire patents or other intellectual property in order to initiate actions for damages, etc.

The gaming industry is characterized by rapid technological development, which forces the NOVOMATIC Group to continuously develop new products and enter new markets. The NOVOMATIC Group's success therefore depends on its ability to continuously enhance the development of its products and systems in order to integrate new technologies and expand into new markets created by new technologies. Should certain technologies be protected by intellectual property rights held by third parties, including by competitors, NOVOMATIC might not be able to offer certain products or expand into certain markets.

The NOVOMATIC Group is subject to the risk of not being able to sufficiently protect its customers' data.

The NOVOMATIC Group holds information about its customers which is in part sensitive (name, address, age, bank data and gaming tendencies) and must follow the strict data protection rules stipulated by the EU and other jurisdictions. Despite the security systems implemented by NOVOMATIC, there is the risk that customer data could be retrieved and/or used illegally, either by employees or by customers or third parties. There is also the risk that customer data might be deleted, disclosed or edited involuntarily or in violation of data protection regulations. Should NOVOMATIC or one of its external service providers transmit customer data without sufficient protection, or should confidential customer data be lost in any other way, NOVOMATIC might be held liable under data protection laws, which would also damage the Group's reputation.

Risks due to a tightening of international anti-money laundering provisions (Financial Action Task Force).

In the countries where NOVOMATIC has business activities, the operation of gaming facilities such as casinos is subject to numerous and increasingly strict legal and regulatory provisions regarding money laundering. On an international level, organizations such as the Financial Action Task Force and the EU continuously adapt and tighten the regulations and standards related to anti-money laundering provisions. A further tightening of these standards and regulations could result in additional organizational measures as well as further financial expenses for NOVOMATIC's business operations.

Risks due to audits by tax authorities.

During the course of tax audit procedures carried out by competent tax authorities, the NOVOMATIC Group could be obligated to pay additional taxes or charges. Should the total back-taxes or charges payable in arrears result in a substantial amount, this could have a negative impact on the NOVOMATIC Group's liquidity and earnings position.

FINANCIAL RISKS AND USAGE OF FINANCIAL INSTRUMENTS

The NOVOMATIC Group is subject to financial risks in the form of capital risks, financing risks, liquidity risks, counterparty risks, interest rate risks, currency risks and risks related to capital investments. In order to limit these risks, NOVOMATIC makes use of financial instruments when necessary.

Extensive descriptions of the individual risks, including the methods used to hedge the above-mentioned risks, are laid out in the notes to the consolidated financial statements on pages 78 – 83.

11. Research and Development

Thanks to its many technology centers, the NOVOMATIC Group is a pioneer in the development of innovative products and systems solutions in the area of gaming. The Group's development activities focus both on "Distributed Gaming Solutions" and on gaming content and application software. The developed software system solutions include management information systems, ticketing and smartcard systems, access systems, video lottery systems, biometric player recognition, links to government regulators, player protection programs, "gaming as a service," online and mobile gaming system solutions, and jackpot systems, as well as multiplayer and community gaming systems, to name but a few. Both modular software architecture and the interoperability of the various developments are crucially important.

Development activities should be equally efficient for homogenous markets and highly specialized niche markets. This is ensured by an open platform architecture and development teams that are specialized in individual market segments. The open platform infrastructure allows for the integration of third-party providers and their gaming applications in order to be able to satisfy market needs in a better and faster manner.

In developing the newest generation of cabinet variants and models, which kick off new industry trends, industrial design is an extremely important factor. Innovations in terms of hardware include new and ergonomic cabinet designs for casino, video lottery and AWP (Amusement With Prizes) gaming markets with control possible via up to five monitors, skill-based roulette facilities with state-of-the-art ball rejection mechanisms, the use of state-of-the-art curved displays to simulate 3D effects and novel games, VIP terminals with giant screen technology, and dynamic lighting effects via LED technology. In terms of security, increasing emphasis is being placed on proprietary physical random number generators using quantum mechanics.

In the field of game development, an in-house IP game series including a jackpot system was developed on the topics of Marilyn Monroe and Elvis Presley, an achievement which shows how NOVOMATIC also sets new standards in the field of branded games. New categories of game features included in the portfolio are "Allpay," "ExtraBet," "Quattro," "Reel Refill," „Fixed Wilds" and „WinWays," to name just a few. Stand-alone progressive jackpots (referred to as "SAP Jackpots") further expand gaming offerings, as does a new Egyptian-themed jackpot named "Kingdom of Ra."

Development is supported by hardware and software development teams in Austria, Germany, Great Britain, Iceland, the Netherlands, Spain, Russia, Argentina and Poland, working either in-house or related to the Group, as well as by exclusive partnerships with developers in Slovenia, Greece, the USA and Australia.

The global importance of intellectual property protection is on the rise. With more than 2,600 registered IP trademarks and in excess of 100 registrations per year, this area is paid special attention.

The Group is constantly developing new products and product variations, resulting in over 300 new gaming variants per year. With the help of software development kits (SDK), it is possible to add games developed by third parties (using this SDK) to the portfolio immediately.

NOVOMATIC's innovative strength receives frequent public recognition in the form of awards.

12. Acknowledgements

We would like to thank all employees of the NOVOMATIC Group for their strong commitment, with which they have made a major contribution to the company's further development and success. We are especially indebted to the owner, Prof. Johann F. Graf, as well as to the Supervisory Board under the leadership of Senator Herbert Lugmayr – they have contributed significantly to the positive development of the NOVOMATIC Group. We would also like to acknowledge the positive relationships with our capital providers and business partners, relationships which have been characterized by pleasant collaboration.

Gumpoldskirchen, 11th of April 2014

Dr. Franz WOHLFAHRT
CEO

DI Ryszard PRESCH
Deputy CEO

Mag. Thomas GRAF
CTO

Mag. Peter STEIN
CFO

CONSOLIDATED BALANCE SHEET

as of 12/31/2013

ASSETS

EUR m

Non-current assets	Notes	12/31/2013	12/31/2012	01/01/2012
Intangible assets	(1)	350.2	272.1	248.9
Property, plant and equipment	(2)	810.3	814.2	765.8
Investment property	(3)	19.2	27.0	25.9
Investments in associated companies	(4)	76.9	95.3	84.4
Non-current financial assets	(5)	16.7	33.8	13.6
Deferred tax assets	(6)	71.9	39.4[1]	37.0[1]
Other non-current assets	(7)	139.7	150.3	98.5
		1,484.9	**1,432.1**	**1,274.1**
Current assets				
Inventories	(8)	164.7	141.4	144.2
Trade receivables, other receivables and assets	(9)	231.2	239.0	192.3
Current tax receivables	(6)	21.9	24.1	30.2
Current financial assets	(10)	36.1	19.4	22.7
Cash and cash equivalents	(11)	417.6	367.2	512.2
Assets held for sale	(12)	6.8	0.0	7.7
		878.3	**791.2**	**909.3**
Total ASSETS		**2,363.1**	**2,223.3**	**2,183.4**

EQUITY AND LIABILITIES

EUR M

Equity	Notes	12/31/2013	12/31/2012	01/01/2012
Share capital	(13)	26.0	26.0	26.0
Capital reserve	(14)	1.0	1.0	1.0
Retained earnings	(15)	928.7	926.5[1]	789.8[1]
Revaluation reserve	(16)	-0.5	5.3	-2.2
Currency translation adjustment	(17)	-32.3	-27.3	-25.5
		923.0	931.4	789.1
Non-controlling interests	(18)	29.5	35.8	51.4
		952.5	**967.3**	**840.5**
Non-current liabilities				
Non-current financial liabilities	(19)	825.9	755.9	682.1
Non-current provisions	(20)	52.4	44.5[1]	32.1[1]
Non-current tax liabilities	(6)	16.8	13.9	13.9
Deferred tax liabilities	(6)	43.6	37.3[1]	35.4[1]
Other non-current liabilities	(21)	27.3	8.4	9.6
		966.0	**860.0**	**773.1**
Current liabilities				
Current financial liabilities	(22)	26.7	76.1[2]	282.4[2]
Current provisions	(23)	90.2	32.5[2]	39.6[2]
Current tax liabilities	(6)	30.5	36.0	42.4
Trade payables and other liabilities	(24)	297.3	251.4[2]	205.4[2]
		444.7	**396.0**	**569.8**
Total EQUITY AND LIABILITIES		**2,363.1**	**2,223.3**	**2,183.4**

[1] Adjustments according to IAS19 Revised
[2] Adjustment of previous-years figures due to changes in presentation

CONSOLIDATED INCOME STATEMENT

for the financial year 2013

EUR m	Notes	01–12/2013	01–12/2012
Revenues	(25)	**1,684.1**	**1,536.7**
Changes in inventories of finished goods and work in progress	(26)	20.1	-5.7
Own work capitalized	(26)	123.1	137.9
Other operating income	(27)	75.0	56.0[2]
Cost of material and other purchased services	(28)	-235.5	-208.1
Personnel costs	(29)	-431.3	-376.6[1]
Amortization and impairment of intangible assets, property, plant and equipment, and investment property	(30)	-305.4	-242.0
Gaming taxes and betting fees	(31)	-146.8	-138.0
Other operating expenses	(32)	-608.5	-478.4[2]
Operating profit		**174.8**	**281.8**
Share of profit/loss of associated companies	(33)	-0.2	4.1
Financial income	(34)	16.8	20.7
Financial expenses	(35)	-71.4	-40.8
Currency exchange gains / losses from intra-group financing	(36)	-14.1	**5.0[2]**
Financial result		**-68.9**	**-11.0**
Earnings before taxes		**105.9**	**270.8**
Income taxes	(37)	-50.8	-78.0[1]
Profit after taxes		**55.1**	**192.8**
thereof attributable to non-controlling interests		-7.8	0.1
thereof attributable to shareholders of the parent (net profit)		62.9	192.7

[1] Adjustments according to IAS19 Revised
[2] Adjustment of previous-years figures due to changes in presentation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year 2013

EUR m	Notes	01–12/2013	01–12/2012
Profit after taxes		**55.1**	**192.8**
Amounts that will be reclassified to income statement in subsequent periods			
Currency translation		-5.2	-1.4
Market value of financial assets available for sale	(37)	-5.8	7.4
Amounts that will not be reclassified to income statement in subsequent periods			
Remeasurement of the net defined benefit liability	(37)	0.2	-4.4
Other comprehensive income after taxes		**-10.8**	**1.7**
Total comprehensive income		**44.4**	**194.5**
thereof attributable to non-controlling interests		-8.6	0.5
thereof attributable to shareholders of the parent		53.0	194.0

CONSOLIDATED CASH FLOW STATEMENT

for the financial year 2013

EUR m	01–12/2013	01–12/2012
Operating profit	**174.8**	**281.8**
Changes in inventories of finished goods and work in progress	-0.7	-2.5
Depreciation (+) / Appreciation (-) of fixed assets	301.6	239.7
Other non-cash income and expenses	-34.3	-12.9
Interest received and interest-related income	11.5	17.9
Taxes paid	-87.3	-82.8
	365.6	**441.1**
Increase (-) / Decrease (+) in inventories	-24.6	6.5
Increase (-) / Decrease (+) in receivables	17.8	-80.2
Increase (+) / Decrease (-) in provisions	58.3	-11.1
Increase (+) / Decrease (-) in liabilities	15.5	30.0
Cash flow from operating activities	**432.7**	**386.3**
Proceeds from the disposal of fixed assets (excluding financial assets)	40.6	39.0
Proceeds from the disposal/repayment of financial assets	5.1	6.2
Proceeds from the disposal of consolidated companies, net of cash	30.3	-0.3
Acquisition of intangible assets, property, plant and equipment	-264.4	-281.2
Acquisition of financial assets and other financial investments	-29.1	-26.4
Acquisition of consolidated companies, net of cash	-66.4	-36.1
Net proceeds from associated companies and investments	0.0	2.6
Cash flow from investing activities	**-283.8**	**-296.1**

EUR m	01–12/2013	01–12/2012
Dividend payments	-51.8	-54.2
Payments from non-controlling interests	1.2	0.5
Expenditures for change in interests in subsidiaries (without change of control)	-12.7	-12.5
Proceeds from issuance of bonds	248.9	0.0
Expenditures for settlement of bond issued	-7.8	-150.0
Expenditures/Proceeds from bank loans and financial liabilities	-240.0	18.4
Interest paid and interest-related expenses	-39.4	-40.9
Cash flow from financing activities	**-101.6**	**-238.7**
Net change in cash and cash equivalents	**47.3**	**-148.6**
Currency translation adjustments	3.5	3.7
Changes in cash and cash equivalents due to changes in scope of consolidation	-0.4	0.0
Net change in cash and cash equivalents	**50.3**	**-144.9**
Cash and cash equivalents at the beginning of the year	367.2	512.2
Cash and cash equivalents at the end of the year	417.6	367.2
Net change in cash and cash equivalents	**50.3**	**-144.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year 2013

2013 EUR m	Shares of shareholders of NOVOMATIC AG						Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserves	Currency translation adjustment	Total		
Balance as of 01/01/2013 after adjustment	**26.0**	**1.0**	**926.5**	**5.3**	**-27.3**	**931.4**	**35.8**	**967.3**
1) Total comprehensive income								
Profit after taxes	0.0	0.0	62.9	0.0	0.0	62.9	-7.8	55.1
Other comprehensive income	0.0	0.0	0.2	-5.8	-4.4	-10.0	-0.8	-10.7
2) Dividend payments	0.0	0.0	-48.0	0.0	0.0	-48.0	-3.8	-51.8
3) Change in non-controlling interests	0.0	0.0	-7.7	0.0	0.0	-7.7	-3.9	-11.5
4) Changes in the scope of consolidation	0.0	0.0	-0.4	0.0	-0.6	-1.0	9.9	8.9
5) Obligation from written put-options over non-controlling interests	0.0	0.0	-4.7	0.0	0.0	-4.7	0.0	-4.7
Balance as of 12/31/2013	**26.0**	**1.0**	**928.7**	**-0.5**	**-32.3**	**923.0**	**29.5**	**952.5**

2012 EUR m	Shares of shareholders of NOVOMATIC AG						Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserves	Currency translation adjustment	Total		
Balance as of 01/01/2012	**26.0**	**1.0**	**790.9**	**-2.2**	**-25.5**	**790.2**	**51.4**	**841.6**
Retrospective adjustment	0.0	0.0	-1.0[1]	0.0	0.0	-1.0	0.0	-1.0
Balance as of 01/01/2012 after adjustment	**26.0**	**1.0**	**789.9**	**-2.2**	**-25.5**	**789.2**	**51.4**	**840.6**
1) Total comprehensive income								
Profit after taxes	0.0	0.0	192.7	0.0	0.0	192.7	0.1	192.8
Other comprehensive income	0.0	0.0	-4.5	7.4	-1.8	1.2	0.4	1.6
2) Dividend payments	0.0	0.0	-50.4	0.0	0.0	-50.4	-4.2	-54.6
3) Change in non-controlling interests	0.0	0.0	1.2	0.0	0.0	1.2	-13.2	-12.0
4) Changes in the scope of consolidation	0.0	0.0	-1.0	0.0	0.0	-1.0	1.4	0.4
5) Obligation from written put-options over non-controlling interests	0.0	0.0	-1.5	0.0	0.0	-1.5	0.0	-1.5
Balance as of 12/31/2012 after adjustment	**26.0**	**1.0**	**926.5**	**5.3**	**-27.3**	**931.4**	**35.9**	**967.3**

[1] Adjustments according to IAS 19 Revised

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2013

Information about the company

The NOVOMATIC Group consists of NOVOMATIC AG and its subsidiaries. NOVOMATIC AG is a public limited company according to Austrian legislation, and its registered office is in Gumpoldskirchen, Austria. The company's address is NOVOMATIC AG, Wiener Straße 158, 2352 Gumpoldskirchen. The company is filed at the Register of Companies maintained by the Regional Court of Wiener Neustadt under FN 69548 b. The NOVOMATIC Group is one of the largest integrated gaming companies in the world. The organizations united in the holding company operate in the following areas of the gaming and entertainment industry.

Their fields of activity and range of services comprise:

- Development, production and sale of gaming machines as well as casino equipment
- Planning, construction and management of casinos
- Operation of electronic casinos, casinos, bingo halls, lotteries, international betting agencies and online gaming
- Casino, lottery and entertainment technologies
- Development of innovative technologies
- Networking systems

Accounting principles

The present consolidated financial statement as of December 31, 2013 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU). The requirements of section 245a para 1 Austrian Commercial Code have been fulfilled.

The business year corresponds to the calendar year. The financial statements of every fully consolidated domestic or foreign company included in the consolidated financial statement for 2013 were prepared as of the balance sheet date of the consolidated financial statements.

The consolidated financial statement is done in Euros. For the purpose of clarity, all items in the consolidated financial statement are shown in million Euros (EUR m). Due to the financial rounding of values and percentages, insignificant differences can occur.

Application of new and amended accounting standards and interpretations in 2013

The following new or revised accounting standards and interpretations – adopted by EU legislation – were implemented for the first time in the financial year of 2013:

- Amendment of IAS 1 "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income"
- Amendment of IAS 12 "Income Taxes: Deferred Tax-Recovery of Underlying Assets"
- Amendment of IAS 19 "Employee Benefits"
- Amendment of IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"
- IFRS 13 "Fair Value Measurement"
- Annual improvement 2009–2011

Impact of retrospective amendments as shown on the balance sheet:

EUR m	Effect 12/31/2013	Adjustment 12/31/2012	Adjustment 01/01/2012
Non-current assets			
Deferred tax assets	0.4	0.4	-0.3
Equity			
Retained earnings	-6.8	-7.0	-1.1
Non-current liabilities			
Non-current provisions	9.2	9.4	1.4
Deferred tax liabilities	-2.0	-2.0	-0.6

Impact of retrospective amendments as shown in the income statement:

EUR m	Effect in 2013	Effect in 2012
Personnel costs	-0.2	-2.1
Operating profit	**-0.2**	**-2.1**
Earnings before taxes	**-0.2**	**-2.1**
Income taxes	0.1	0.5
Profit after taxes	**-0.2**	**-1.6**

The amendment of IAS 1 deals with the presentation of the other comprehensive income. According to this standard, the line items presented for amounts of other comprehensive income are required to be grouped into those that will not be reclassified subsequently to the income statement and those that will be reclassified subsequently to the income statement.

The amendment of IAS 19 consists of changes concerning the accounting and valuation of employee benefits as well as extended notes to the financial statement. In particular, these changes consist in the abolishment of the corridor method and, accordingly, the obligation to show the actuarial gains and losses in other comprehensive income. According to the amended regulation, past service costs must be instantly charged against income. The application of the revised IAS 19 leads to adjustments concerning the pension and severance provisions as well as deferred taxes. Comparative values were adjusted retrospectively according to IAS 8.

Due to retrospective amendments, other comprehensive income decreased by EUR 4.4 million in 2012. For financial year 2013, other comprehensive income increased by EUR 0.2 million EUR. IFRS 13 summarizes the requirements for the fair value measurement and therefore substitutes the related regulations contained in other standards. With a few exceptions, IFRS 13 is applied when fair value measurements or disclosures about fair value measurements are required or permitted by other IFRS. The application of this standard will lead to extended notes to the financial statement. Other new or amended standards had no significant impact on the Group's financial statement.

Standards and interpretations already published, but to be applied in future periods

At the date of the authorization of this financial statement for publication, the following standards and interpretations were already published but not yet mandatory and were not voluntarily applied in advance:

Standard/Interpretation	Obligatory application for financial years starting on
Amendment of IAS 19 "Employee Benefits: Employee Contributions"	1 July 2014 (not yet adopted into EU law)
Revision of IAS 27 "Separate Financial Statements"	1 January 2014
Revision of IAS 28 "Investments in Associates and Joint Ventures"	1 January 2014
Amendment of IAS 32 "Financial Instruments: Offsetting Financial Assets and Financial Liabilities"	1 January 2014
Amendment of IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	1 January 2014
IFRS 9 "Financial Instruments"	1 January 2018 (not yet adopted into EU law)
Amendment of IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments": Mandatory Effective Date and Transition Disclosures	1 January 2018 (not yet adopted into EU law)
IFRS 10 "Consolidated Financial Statements"	1 January 2014
IFRS 11 "Joint Arrangements"	1 January 2014
IFRS 12 "Disclosure of Interest in other Entities"	1 January 2014
Amendment of IFRS 10, 11, 12 "Transition Guidance"	1 January 2014
IFRIC 21 "Levies"	1 January 2014

IFRS 9 deals with the classification, recognition and measurement of financial assets and liabilities. Significant changes to the current standard are to be expected. Due to the continous amendments to the standard, impacts on the NOVOMATIC Group can not be estimated reliably.

IFRS 10 deals with the introduction of a unified consolidation model for all companies and establishes control as the basis for consolidation. Additionally, this standard sets out how to apply the principle of control. Due to the fact that the NOVOMATIC Group holds more than 50 % of shares in all of its major subsidiaries, the application of this new standard will not have a significant impact.

IFRS 11 regulates accounting by entities that conduct joint control over a joint venture or joint operations. Currently, no significant changes are to be expected from the application of this new standard.

IFRS 12 integrates the required disclosures in the notes to the financial statements for consolidated and non-consolidated companies. The scope of disclosure will increase considerably through this new standard.

The NOVOMATIC Group does not expect any significant impact resulting from the first-time application of the other standards and interpretations on its financial position and its results of operation.

Changes in presentation

In order to improve the informational value and legibility of the consolidated financial statement, the following presentation adjustments were made:

EUR m	Initial 12/31/2012	Adjustment 12/31/2012	Adjusted 12/31/2012
Land and buildings	361.2	44.5	405.7
Factory and office equipment	157.5	-44.5	112.9
Current provisions	61.3	-28.9	32.5
Liabilities to employees	0.0	28.9	28.9

Concerning tangible assets, assets previously shown as factory and office equipment, were allocated to land and buildings with retroactive effect.

Commitments concerning personnel resulting from not-yet-consumed vacation and premiums, previously shown as other provisions, were transferred to other liabilities because of their accrual nature.

Due to the adjustment of the comparative figures, these changes in presentation have had the following impact on the consolidated income statement:

EUR m	Initial 2012	Adjustment 2012	Adjusted 2012
Other operating income	71.4	-15.4	56.0
Other operating expenses			
Bad debts and valuation adjustment	-23.1	4.7	-18.4
Other expenses	-97.1	5.6	-91.5
Currency exchange gains/losses from intra-group financing	0.0	5.0	5.0

Adjustments were made within the sales revenue item.

Income from the release of provisions and from impairment of receivables, previously shown as other operating income, is now shown as other operating expense, as these amounts have been included in prior periods under operating expenses.

Foreign currency effects resulting from intra-group financing, previously stated as other operating expenses or other operating income, respectively are now stated separately in the financial result because of their close connection with financing activities. Previous-year figures were adjusted accordingly.

Scope of consolidation

These financial statements cover NOVOMATIC AG and the companies it controls. The control over a subsidiary is presumed if NOVOMATIC AG owns directly or indirectly through an affiliate more than 50 % of the votes of this company and therefore has the power to govern its financial and operating policies so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the Group gains control over the company. Inclusion in the consolidated financial statement ends when the parent no longer exercises control over the subsidiary.
The equity-method is applied for companies that are under significant influence of, but cannot be considered controlled by NOVOMATIC AG.

During 2013, the Group acquired or founded the following subsidiaries:

- Cervo Media GmbH, Austria
- Platogo Interactive Entertainment GmbH, Austria
- FMA s.r.o., Slovakia
- “SoWhat!” s.r.o., Slovakia
- CRYdata N.V., Curacao
- Novo Gaming Netherlands B.V., Netherlands
- JVH exploitatie B.V., Netherlands
- JVH gaming products B.V., Netherlands
- Novo Gaming exploitatie B.V., Netherlands
- JVH gaming products GmbH, Germany
- ECG Group N.V., Netherlands
- Eurocoin Gaming B.V., Netherlands
- Eurocoin iGaming B.V., Netherlands
- Alfa Speelautomaten B.V., Netherlands
- awp-design.nl B.V., Netherlands
- I-NEW Unified Mobile Solutions AG, Austria
- I-NEW Chile S.p.A., Chile
- I-NEW Hungary Kft., Hungary
- I-NEW Colombia S.A.S., Colombia
- So.Ge.Slot S.p.A., Italy
- Ascoli Games S.r.l., Italy
- Centromatic S.r.l., Italy
- Maestri Games S.r.l., Italy
- G.N.E. Videogiochi S.r.l., Italy
- Vignolgiochi S.r.l., Italy
- Trend S.r.l., Italy
- Vilo Entertainment S.r.l., Italy*
- Vilo Ancona S.r.l., Italy*
- Vilo Sicilia S.r.l., Italy*
- SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & Co KG, Germany*
- Kurhessische Spielbank Kassel/Bad Wildungen GmbH & Co KG, Germany*
- Memorija Turizem d.o.o., Slovenia*
- Memoria d.o.o., Slovenia
- Amoniq d.o.o., Bosnia and Herzegovina
- Makoten DOOEL, Macedonia
- Novo VLTech GmbH, Austria
- Novo VLTech Solutions S.r.l., Romania
- Novo Lottery Solutions GmbH, Austria
- Novo Lottery Solutions Iceland hf, Iceland
- Betware Holding hf, Iceland
- Betware ehf, Iceland
- Betware S.L.U., Spain
- Betware DK ApS., Denmark
- Betware d.o.o., Serbia

* Control gained through increase of already existing direct and indirect shares

The following subsidiaries changed from non-consolidated to fully consolidated subsidiaries for the first time as of January 1, 2013:

- Novo Gaming Ghana Ltd., Ghana
- Novo Gaming CR Ltda., Costa Rica
- Novo Gaming GT Limitada, Guatemala

In Italy, Romania, Slovenia and Austria, subsidiaries were merged. Affiliated companies, whose influence on the financial position and on the results of operation of the Group is marginal, are not included in the scope of the fully consolidated companies but are shown as financial assets at acquisition costs.

Therefore, the scope of consolidation exhibits the following development:

Scope of consolidation	**fully–consolidated**	**valued at equity**
Balance as of 12/31/2012	129	6
First-time inclusion in 2013	45	0
Disposed of in 2013	-2	-1
Merged in 2013	-6	0
Switched from at-equity valuation to fully consolidated in 2013	2	-2
Balance as of 12/31/2013	168	3
of which non-Austrian companies	145	1

FULLY CONSOLIDATED COMPANIES

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
SOWSK	“SoWhat!” s.r.o., Slovakia	GTA	70.00 %	70.00 %
ADMICS	Admira d.o.o., Serbia	NOVOCS	100.00 %	100.00 %
PUNTIT	Admiral Bet Italia S.r.l., Italy	ADRIT	100.00 %	100.00 %
ACEAT	Admiral Casinos & Entertainment AG, Austria	NAG	100.00 %	100.00 %
AKMSI	Admiral d.o.o., Slovenia	NOVSI	100.00 %	100.00 %
ADGAES	Admiral Gaming Andalucia S.A., Spain	NOGES	95.84 %	95.84 %
AIIT	Admiral Interactive S.r.l., Italy	PUNTIT	100.00 %	100.00 %
ALPDE	Admiral Play GmbH, Germany	NSMLDE	95.00 %	95.00 %
ADSLES	Admiral Slots S.A., Spain	NOGES	97.89 %	97.89 %
ASBUK	Admiral Sports Betting Ltd., UK	ASW	100.00 %	100.00 %
ASWDE	Admiral Sportwetten GmbH, Germany	ASW	100.00 %	100.00 %
ASW	Admiral Sportwetten GmbH, Austria	AGI	100.00 %	100.00 %
ADMILV	Admiralu Klubs SIA, Latvia	AGI	60.00 %	60.00 %
AISSIT	Adria Gaming Bolzano S.r.l., Italy	ALLIT	65.00 %	100.00 %
ADRIT	Adria Gaming International S.p.A., Italy	NAG	100.00 %	100.00 %
AGMIT	Adria Gaming Milano S.r.l., Italy	ADRIT	100.00 %	100.00 %
AGSIT	Adria Gaming Services S.r.l., Italy	ADRIT	100.00 %	100.00 %
AGVIT	Adria Gaming Vicenza S.r.l., Italy	ALLIT	65.00 %	100.00 %
ADRIAL	Adriatik Game Sh.A., Albania	EAGAL	100.00 %	100.00 %
AGISA	AGI Africa (Pty) Ltd., South Africa	AGI	100.00 %	100.00 %
AAGHU	AGI American Games Kft., Hungary	GAHHU	100.00 %	100.00 %
AGIAR	AGI Argentina Limitada S.r.l., Argentina	AGI / HTM	90.00 % / 10.00 %	90.00 % / 10.00 %
SENHU	AGI European Games Kft., Hungary	GAHHU	100.00 %	100.00 %
OLACO	AGI Gaming Colombia S.A.S., Colombia	AGI	100.00 %	100.00 %
AGIHU	AGI Hungaria Kft., Hungary	AGI	100.00 %	100.00 %
AIRO	Airoline GmbH, Austria	AGI	100.00 %	100.00 %
ALFANL	Alfa Speelautomaten B.V., Netherlands	ECGGNL	100.00 %	100.00 %
ALFLV	Alfor SIA, Latvia	AGI	60.00 %	60.00 %
ALGAST	Algast Gastronomie GmbH, Austria	AGI	100.00 %	100.00 %
ALLIT	Allstar S.r.l., Italy	ADRIT	65.00 %	65.00 %
ALSGRU	ALS Group OOO, Russia	AGI	100.00 %	100.00 %
AMONBA	Amoniq d.o.o. Zenica, Bosnia and Herzegovina	HTLBA	100.00 %	100.00 %
ASTRAL	Astra Albania Sh.A., Albania	EAGAL	100.00 %	100.00 %
ASTUK	Astra Games Ltd., UK	AGI	100.00 %	100.00 %
AGI	Austrian Gaming Industries GmbH, Austria	NAG	100.00 %	100.00 %
AUTEC	AuTec AutomatenbetriebsgmbH, Austria	AGI	100.00 %	100.00 %
AWPDNL	awp-design.nl. B.V., Netherlands	EURGNL	100.00 %	100.00 %
AZARLT	Azarto Technika UAB, Lithuania	AGI	80.00 %	80.00 %
BEAMT	BeatYa Online Entertainment Ltd., Malta	GTA	100.00 %	100.00 %
BELLUK	Bell-Fruit Group Ltd., UK	ASTUK	100.00 %	100.00 %
AKOCS	Beo-Gaming d.o.o., Serbia	NOVOCS	100.00 %	100.00 %
BETWCS	Betware d.o.o., Serbia	BETWDK	90.00 %	100.00 %
BETWDK	Betware DK ApS., Denmark	BETWIS	90.00 %	100.00 %
BETWIS	Betware ehf., Iceland	BETHIS	90.00 %	100.00 %
BETHIS	Betware Holding hf., Iceland	NLSAT / NLSIS	15.84 % / 74.16 %	90.00 %
BETWES	Betware S.L.U., Spain	BETWIS	90.00 %	100.00 %
BPAFDE	BPA Freizeit- und Unterhaltungsbetriebe GmbH, Germany	NSMLDE	100.00 %	100.00 %
MATAHR	Captura d.o.o., Croatia	NOGHR	100.00 %	100.00 %
CAS1DE	Casino Deluxe Beteiligungsgesellschaft m.b.H. I, Germany	BPAFDE	100.00 %	100.00 %
CAS3DE	Casino Deluxe Beteiligungsgesellschaft m.b.H. III, Germany	BPAFDE	100.00 %	100.00 %
VIDDE	Casino Deluxe Beteiligungsgesellschaft m.b.H. IV, Germany	BPAFDE	100.00 %	100.00 %
CENTIT	Centromatic S.r.l., Italy	SOGIT	80.00 %	100.00 %
CER	Cervo Media GmbH, Austria	GTA	100.00 %	100.00 %
CROMX	Crown Gaming Mexico S.A. de C.V., Mexico	AGI	60.00 %	60.00 %
CROPY	Crown Gaming Paraguay S.A., Paraguay	AGI	65.00 %	65.00 %
CROPE	Crown Gaming S.A.C., Peru	NOVOPE	65.00 %	65.00 %
AGIMX	Crown Gaming Services Mexico S. de R.L. de C.V., Mexico	AGI	60.00 %	60.00 %
CRODE	Crown Technologies GmbH, Germany	NSMLDE	100.00 %	100.00 %
CRYAN	CRYdata N.V., Curacao	FMASK	70.00 %	100.00 %
EAGAL	Eagle Investment Sh.A, Albania	AGI	100.00 %	100.00 %
ECGGNL	ECG Group N.V., Netherlands	NOVONL	100.00 %	100.00 %
EMPUK	Empire Games Ltd., UK	ASTUK	78.80 %	78.80 %
EURGNL	Eurocoin Gaming B.V., Netherlands	ECGGNL	100.00 %	100.00 %
EURINL	Eurocoin iGaming B.V., Netherlands	ECGGNL	100.00 %	100.00 %
EXTDE	Extra Games Entertainment GmbH, Germany	NSMLDE	95.00 %	95.00 %
FMASK	FMA s.r.o., Slovakia	GTA	70.00 %	70.00 %
FST	Funstage Spielewebseiten Betriebsges.m.b.H., Austria	GTA	100.00 %	100.00 %
GAM	G.A.M.E. SYS Geldspiel-Automaten-Miet-Elektronik-System GmbH, Austria	AGI	100.00 %	100.00 %
GMAIT	G.Matica S.r.l., Italy	TELCIT	100.00 %	100.00 %
GNEVIT	G.N.E. Videogiochi S.r.l., Italy	SOGIT	80.00 %	100.00 %
GAHHU	Games Holding Hungaria Kft., Hungary	AGIHU	100.00 %	100.00 %
GAMEUK	Gamestec Leisure Ltd., UK	ASTUK	100.00 %	100.00 %

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
GUB	Gastronomie- u. Unterhaltungselektronik Betriebs GmbH, Austria	HTM	100.00 %	100.00 %
GSM	Giochi San Marino S.p.A., San Marino	AGI	93.00 %	93.00 %
GALUK	Greentube Alderney Ltd., UK	GTMT	100.00 %	100.00 %
GTA	Greentube Internet Entertainment Solutions GmbH, Austria	ASTUK	100.00 %	100.00 %
GTMT	Greentube Malta Ltd., Malta	GTA	100.00 %	100.00 %
HIRDE	Hirscher Moneysystems GmbH, Germany	CRODE	80.00 %	80.00 %
HOCAPE	Hotel Carrera S.A.C., Peru	IMRAPE	65.00 %	100.00 %
TIVSI	HTI Invest d.o.o., Slovenia	NOVOSI	100.00 %	100.00 %
HTLBA	HTL d.o.o. Sarajevo, Bosnia und Herzegovina	AGI	100.00 %	100.00 %
HTLIUA	HTL Invest TOV, Ukraine	HTLUA	99.80 %	100.00 %
HTLXK	HTL Kosovo Sh.p.k., Kosovo	HTLMK	100.00 %	100.00 %
HTLMK	HTL Makedonija DOOEL, Macedonia	AGI	100.00 %	100.00 %
HTLME	HTL Montenegro d.o.o., Montenegro	AGI	100.00 %	100.00 %
HTLUA	HTL Ukraine TOV, Ukraine	AGI	100.00 %	100.00 %
HTM	HTM Hotel- u. Tourismus Management GmbH, Austria	NAG	100.00 %	100.00 %
IGROUA	Igrotech-Import TOV, Ukraine	AZARLT	80.00 %	100.00 %
INEWCL	I-New Chile S.p.A., Chile	INEWAT	76.81 %	100.00 %
INEWCO	I-New Colombia S.A.S., Colombia	INEWAT	76.81 %	100.00 %
INEWHU	I-New Hungary Kft., Hungary	INEWAT	76.81 %	100.00 %
INEWAT	I-New Unified Mobile Solutions AG, Austria	NAG	76.81 %	76.81 %
IMRAPE	Inmobiliaria Rapid S.A.C., Peru	CROPE	65.00 %	100.00 %
SCHAAF	J.u.C. Schaaf Spielautomatenbetriebsges.m.b.H., Austria	GAM	100.00 %	100.00 %
JVHENL	JVH exploitatie B.V., Netherlands	NOVONL	100.00 %	100.00 %
JVHPNL	JVH gaming products B.V., Netherlands	NOVONL	100.00 %	100.00 %
JVHPDE	JVH gaming products GmbH, Germany	JVHPNL	100.00 %	100.00 %
KSBKDE	Kurhessische Spielbank Kassel/BadWildungen GmbH & CO. KG, Germany	SIMKDE	100.00 %	100.00 %
NSMLDE	Löwen Entertainment GmbH, Germany	AGI	100.00 %	100.00 %
MAGMK	MA Gaming DOOEL, Macedonia	HTLMK	100.00 %	100.00 %
MAKOMK	Makoten DOOEL, Macedonia	AGI	100.00 %	100.00 %
MASTMK	Masterbet DOOEL, Macedonia	HTLMK	100.00 %	100.00 %
MEDHR	Mediteran Gaming d.o.o., Croatia	NOGHR	100.00 %	100.00 %
MEMOSI	Memoria d.o.o., Slovenia	TIVSI	100.00 %	100.00 %
METUSI	Memorija Turizem d.o.o., Slovenia	NOVOSI	100.00 %	100.00 %
MNAME	MNA Gaming d.o.o., Montenegro	HTLME	100.00 %	100.00 %
NMN	NMN Automatentechnik GmbH, Austria	NAG	100.00 %	100.00 %
NORDDE	Norddeutsche Spielbanken GmbH, Germany	NAG	100.00 %	100.00 %
NOVSI	NOVO AS d.o.o., Slovenia	NOVOSI	100.00 %	100.00 %
NOVOCR	Novo Gaming CR Ltda., Costa Rica	AGI	90.00 %	90.00 %
NOGHR	Novo Gaming d.o.o., Croatia	AGI	100.00 %	100.00 %
JVHBNL	Novo Gaming exploitatie B.V., Netherlands	NOVONL	100.00 %	100.00 %
NOVOGT	Novo Gaming GT Limitada, Guatemala	AGI	90.00 %	90.00 %
NOVONL	Novo Gaming Netherlands B.V., Netherlands	AGI	100.00 %	100.00 %
IKGDE	Novo Immobilien GmbH, Germany	NAG	100.00 %	100.00 %
NOVOBG	Novo Invest Bulgaria EOOD, Bulgaria	AGI	100.00 %	100.00 %
NOVORO	Novo Invest Co SRL, Romania	AGI	100.00 %	100.00 %
NOVOSI	Novo Investicije d.o.o., Slovenia	AGI	100.00 %	100.00 %
NOVOCS	Novo Investment d.o.o., Serbia	AGI	100.00 %	100.00 %
NLSAT	Novo Lottery Solutions GmbH, Austria	NAG	100.00 %	100.00 %
NLSIS	Novo Lottery Solutions Iceland hf., Iceland	NAG / NLSAT	0.36 % / 99.64 %	100.00 %
NOVOBA	NOVO RS d.o.o., Bosnia and Herzegovina	AGI	100.00 %	100.00 %
NVLTAT	Novo VLTech GmbH, Austria	AGI	100.00 %	100.00 %
NVLTRO	Novo VLTech Solutions SRL, Romania	AGI / NVLTAT	0.01 % / 99.99 %	100.00 %
NOVOCL	Novochile Ltda., Chile	AGI / HTM	99 % / 1 %	99 % / 1 %
NOVOGH	Novogaming Ghana Ltd., Ghana	AGI	75.00 %	75.00 %
NOVOLT	Novogaming Vilnius UAB, Lithuania	AGI	80.00 %	80.00 %
NEE	Novoloto OÜ, Estonia	ADMILV	60.00 %	100.00 %
NAHUS	NOVOMATIC Americas Holdings Inc., USA	NAG	100.00 %	100.00 %
NARUS	NOVOMATIC Americas Real Estate LLC, USA	NAHUS	100.00 %	100.00 %
NASUS	NOVOMATIC Americas Sales LLC, USA	NAHUS	95.00 %	95.00 %
AON	NOVOMATIC Forum GmbH, Austria	NAG	100.00 %	100.00 %
NOGES	NOVOMATIC Gaming Spain S.A., Spain	AGI	100.00 %	100.00 %
NHCCL	NOVOMATIC Holdings Chile Ltda., Chile	NICCL	100.00 %	100.00 %
NICCL	NOVOMATIC Investment Chile S.A., Chile	NAG	100.00 %	100.00 %
NOVOPE	NOVOMATIC Peru S.A.C., Peru	AGI	100.00 %	100.00 %
NOVORU	Novotech OOO, Russia	HTLRU	95.64 %	96.61 %
ARGAR	Octavian de Argentina S.A., Argentina	AGI / HTM	90 % / 10 %	90 % / 10 %
SBPRU	Octavian SPb Limited Partnership, Russia	AGI	100.00 %	100.00 %
HTLRU	OOO HTL Posledni Per., Russia	AGI	99.00 %	99.00 %
UGIRU	OOO United Gaming Industries, Russia	AGI	99.99 %	99.99 %
PLANBY	Planeta IGR, Belarus	AZARLT	80.00 %	100.00 %
PLAAT	Platogo Interactive Entertainment GmbH, Austria	GTA	100.00 %	100.00 %
HTBLBA	RSA Gaming d.o.o., Bosnia und Herzegovina	NOVOBA	100.00 %	100.00 %

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
INTRO	SC Intertop S.r.l., Romania	AGI / NOVORO	44.06 % / 55.94 %	44.06 / 55.94 %
SIMAPE	Sierra Machines S.A.C., Peru	CROPE	65.00 %	100.00 %
SIMKDE	SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & CO. KG, Germany	NAG	100.00 %	100.00 %
SLOTHU	Slotclub Kft., Hungary	GAHHU	100.00 %	100.00 %
SOGIT	So.Ge.Slot S.p.A., Italy	ADRIT	80.00 %	80.00 %
SBEKDE	Spielbank Berlin Entertainment GmbH & Co.KG, Germany	NAG	92.50 %	92.50 %
SBBKDE	Spielbank Berlin Gustav Jaenecke GmbH & Co.KG, Germany	NAG	92.04 %	92.04 %
SBNKDE	Spielbank Berlin nationale BeteiligungsgesellschaftmbH & Co.KG, Germany	NAG	100.00 %	100.00 %
TIMRO	T.I.M.A.X. S.r.l., Romania	NOVORO	100.00 %	100.00 %
TELCIT	Telcos S.r.l., Italy	ADRIT	100.00 %	100.00 %
TRENIT	Trend S.r.l., Italy	SOGIT	80.00 %	100.00 %
TREU10	Treuhand 10 GmbH, Switzerland	NAG	100.00 %	100.00 %
TREU3	Treuhand 3 GmbH, Austria	AGI	80.00 %	80.00 %
TREU4	Treuhand 4 GmbH, Slovenia	TREU3	74.00 %	92.50 %
TREU9	Treuhand 9 GmbH, Poland	TREU1	60.00 %	100.00 %
TREU1	Treuhand GmbH, Austria	AGI	60.00 %	60.00 %
VILLBG	Villox Group EOOD, Bulgaria	NOVOBG	100.00 %	100.00 %
VIANIT	Vilo Ancona S.r.l., Italy	VILOIT	70.00 %	70.00 %
VILOIT	Vilo Entertainment S.r.l., Italy	ADRIT	100.00 %	100.00 %
VISIIT	Vilo Sicilia S.r.l., Italy	VILOIT	70.00 %	70.00 %
WEC	Wett Cafe Betriebs GmbH, Austria	HTM	100.00 %	100.00 %
WETTRO	Wettpunkt International S.r.l, Romania	NOVORO	100.00 %	100.00 %
ZOLRU	Zolotaya Bukhta OOO, Russia	HTLRU	98.80 %	99.80 %

"AT-EQUITY" CONSOLIDATED COMPANIES

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
POL	H. Polanz GmbH, Austria	WEC	50.00 %	50.00 %
NOSUCL	Novosun S.A., Chile	NHCCL	50.00 %	50.00 %
PRAGA	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Austria	NAG	47.50 %	47.50 %

NON-CONSOLIDATED AFFILIATED COMPANIES

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
CLUBUK	Admiral Club Ltd., UK	AGI	100.00 %	100.00 %
ABETUK	Astra Betting (One) Ltd., UK	GAMEUK	100.00 %	100.00 %
BAMUUK	Bell Amusements Ltd., UK	GAMEUK	100.00 %	100.00 %
BFGUK	Bell-Fruit Games Ltd., UK	BELLUK	100.00 %	100.00 %
BFSUK	Bell-Fruit Services Ltd., UK	GAMEUK	100.00 %	100.00 %
CONDE	Condor GmbH, Germany	CRODE	100.00 %	100.00 %
CRYSK	CRYgames s.r.o., Slovakia	FMASK	70.00 %	100.00 %
DHTCMK	DHTCM DOOEL, Macedonia	HTLMK	100.00 %	100.00 %
ECSCZ	Errel CS s.r.o., Czech Republic	JVHPNL	100.00 %	100.00 %
EHUHU	Errel Hungary Kft., Hungary	EINTNL	50.00 %	50.00 %
EINDNL	Errel Industries B.V., Netherlands	JVHPNL	100.00 %	100.00 %
EINTNL	Errel International B.V., Netherlands	JVHPNL	100.00 %	100.00 %
GNETUK	Games Network Ltd., UK	GAMEUK	100.00 %	100.00 %
GTECUK	Gamestec Ltd., UK	GAMEUK	100.00 %	100.00 %
GBT	GBT Products and Technologies VertriebsGmbH, Austria	AUTEC	100.00 %	100.00 %
INTLB	Interinvest Holding SAL, Lebanon	AGI	94.99 %	94.99 %
INLOLB	Interlog SAL, Lebanon	INTLB	94.99 %	99.99 %
JVHMNL	JVH exploitatie Meijel B.V., Netherlands	JVHENL	100.00 %	100.00 %
JVHGGR	JVH Greece S.A., Greece	JVHPNL	50.00 %	50.00 %
MAZOUK	Mazooma Games Ltd., UK	BELLUK	100.00 %	100.00 %
MIGUK	Mazooma Interactive Games Ltd., UK	BELLUK	100.00 %	100.00 %
MGMK	M-Gaming DOOEL, Macedonia	DHTCMK	100.00 %	100.00 %
NBITBR	NB I Tecnologia e Servicos S.A., Brazil	AGI	51.00 %	51.00 %
NOVOSG	Novo AI Singapore Pte.Ltd., Singapore	AGI	100.00 %	100.00 %
NOVOHN	Novo Gaming Honduras S.de R.L. de C.V., Honduras	AGI	90.00 %	90.00 %
IVGDE	Novo Immobilien Verwaltungsges.m.b.H., Germany	IKGDE	99.80 %	100.00 %
NLAHES	NOVOMATIC LatAm Holding S.L.U., Spain	AGI	100.00 %	100.00 %
OSBDE	Ostsee-Spielbanken GmbH & Co.KG, Germany	SBNKDE	51.00 %	51.00 %
RLMSUK	RLMS Sales Ltd., UK	BELLUK	100.00 %	100.00 %
SIMDE	SIM Spielbanken Investitions- und Management GmbH, Germany	NAG	100.00 %	100.00 %
SBEVDE	Spielbank Berlin Entertainment Verwaltungs GmbH, Germany	SBEKDE	92.50 %	100.00 %
GIPDE	Spielbank Berlin nationale Beteiligungen Verwaltungs GmbH, Germany	SBNKDE	92.04 %	100.00 %
SBBVDE	Spielbank Berlin Verwaltungs GmbH, Germany	SBBKDE	92.04 %	100.00 %
TREU15	Treuhand 15, Romania	AGI	100.00 %	100.00 %

Acquisitions

Italy

In order to strengthen the business activities of the Group in Italy, 80 % of shares in So.Ge.Slot S.p.A. were acquired on January 10, 2013. At the date of acquisition So.Ge.Slot S.p.A. had several 100 % subsidiaries, namely Ascoli Games S.r.l., Centromatic S.r.l., G.N.E. Videogiochi S.r.l., Maestri Games S.r.l., Trend S.r.l. and Vignolgiochi S.r.l. During financial year 2013 the merger of these companies began in order to optimize the organizational structure. The business activity of the acquired companies consists mainly in renting AWPs (amusement with prize) and VLTs (video lottery terminal) to third parties.

In addition, market presence in Italy was strengthened due to the increase of shares in Vilo Entertainment S.r.l. With the acquisitions of an additional 17.5 % of shares on January 25, 2013, the investment increased to 50 % of the shares. Together with a related company as joint shareholder, the Group was able to control this company from that moment. Consequently, Vilo Entertainment S.r.l, previously consolidated “at equity”, was fully consolidated together with its Italian subsidiaries Vilo Ancona S.r.l. and Vilo Sicilia S.r.l. (both 70 % subsidiaries) as of January 2013. Due to the further increase of shares on July 22, 2013 in the additional amount of 35 % as well as on November 15, 2013 in the additional amount of 15 %, the Group obtained ownership of all shares.

Austria

On February 1, 2013, 100 % of shares in Cervo Media GmbH, an Austrian company specialised in mobile gaming, was acquired. On June 14, 2013, 50.097 % of shares in I-NEW Unified Mobile Solutions AG, a supplier of platforms and enabler for virtual mobile telephone and data network operators was acquired. At the time of acquisition, I-NEW Unified Mobile Solutions AG held 100 % of shares in I-New Chile SpA (Chile) and I-New Colombia S.A.S. (Colombia) – both sales companies – as well as in I-NEW Hungary Kft (Hungary), a call center. Through additional acquisitions, the share of the Group rose from 50.097 % to its current 76.814 %. This acquisition is aimed at diversifying the NOVOMATIC Group towards mobile virtual network operation as well as to develop strategic sales potentials in the field of mobile gaming.

On September 2, 2013, 100 % of shares in Platogo Interactive Entertainment GmbH were acquired. Its business activity is the development and hosting of interactive online games on different platforms. This acquisition is intended to strengthen the Group‘s position as it relates to social gaming.

Slovakia

On May 6, 2013, 70 % of shares in both of SoWhat! s.r.o. and FMA s.r.o., with its 100 % subsidiary CRYdata N.V. (Curacao), were acquired. Their business activity is software development for online gaming. For the remaining 30 % of non-controlling interests, a put option has been granted; the resulting liability is accounted for as a liability in the consolidated financial statement.

Netherlands

On Mai 17, 2013, the newly founded Novo Gaming Netherlands B.V., acquired 100 % of shares in two Dutch companies, namely JVH exploitatie B.V., an operator of slot machines with an emphasis on single-site gastronomy, and JVH gaming products B.V., a developer and manufacturer of AWP-products. Their 100 % subsidiary JVH gaming products GmbH is a sales company operating in Germany. This acquisition is intended to strengthen the group‘s market presence in the Netherlands.

Additionally, through acquisition of 100 % in shares of ECG Group N.V. on September 2, 2013, the group‘s presence in the Netherlands was expanded further. At the date of acquisition, the acquired company held 100 % of shares in Alfa Speelautomaten B.V., Eurocoin Gaming B.V., its subsidiary awp-design.nl. B.V., and Eurocoin iGaming B.V. The purpose of this acquisition is to expand and secure both the operation and production of gaming machines in the Netherlands.

Through the acquisition of assets that constitute a business from an operator of slot machines on third-party premises, Novo Gaming exploitatie B.V. (previously a company of the JVH Group) launched business operations in the Netherlands. This acquisition supports strategic growth on the Dutch market.

Slovenia

On March 7, 2013 shares held in Memorija Turizem d.o.o., a casino real estate company, were increased to 100 %. With the acquisition of a 100 % stake in the operating company Memoria d.o.o., on October 3, 2013, both companies were fully consolidated. These acquisitions are intended to increase the group‘s activities as a gaming operator in Slovenia.

Bosnia and Herzegovina

On July 2, 2013, 100 % of shares in Amoniq d.o.o. Zenica, a gaming arcade operator, were acquired. This acquisition is intended to expand the group's preexisting activities related to gaming halls.

Germany

On September 18, 2013, shares held in SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & Co KG were increased to 100 %. This holding and its 100 % operating subsidiary Kurhessische Spielbank Kassel/Bad Wildungen GmbH & Co KG have been fully consolidated since then. Through this acquisition, the Group expanded its engagement as operator of casinos in Germany.

Through the acquisition of assets forming a business, Spielbank Berlin Gustav Jaenecke GmbH & Co KG added to its branches in Berlin.

Iceland

On November 7, 2013, 90 % of shares in Betware Holding hf. were acquired. At the time of acquisition, the company held 100 % of direct or indirect shares in Betware ehf. (Iceland), Betware S.L.U. (Spain), Betware DK ApS (Denmark) and Betware d.o.o.(Serbia), all of which are operatively active. For the remaining 10 % of shares, a put option was granted, with the resulting liability accounted for as a liability in the consolidated financial statement. Betware is specialized in the development and distribution of gaming platforms, electronic lottery solutions for private and public lotteries, and offering support for online-gaming operators. Through this acquisition, the Group intends to diversify towards lottery provider activities and to exploit new distribution potentials.

Macedonia

On November 26, 2013, 100 % of shares in Makoten DOOEL were acquired. This company operates a casino with slot machines and live gaming as well as a hotel near the Macedonian-Greek border. Through this acquisition, the group's market presence in Macedonia was expanded significantly.

The preliminary fair values at the acquisition dates present themselves as follows:

EUR m	Fair value
Intangible assets	67.3
Property, plant and equipment	43.3
Other non-current assets	4.8
Deferred tax assets	3.3
Inventories	5.6
Cash and cash equivalents	24.1
Other current assets	24.1
Non-current liabilities and provisions	-25.7
Deferred tax liabilities	-13.8
Current liabilities and provisions	-41.2
Net assets	**91.8**
Non-controlling interests	**-9.6**
Goodwill	44.9
Received surplus affecting income	-1.0
Fair value of investments in associated companies	-8.7
Consideration	**117.5**

Other current assets consist mainly of trade receivables with a fair value of EUR 16.2 million or EUR 18.9 million (gross).

Non-controlling interests are valued at their respective portions of the identifiable net assets at the acquisition date.

Goodwill resulting from acquisitions reflect expected strategic advantages for the Group due to the expansion of operational business activities in the corresponding markets. None of the goodwill resulting from these acquisitions is tax-deductible.

The consideration amounts to EUR 117.5 million, whereby EUR 16.3 million result from offsetting with outstanding claims and EUR 16.4 million from contingent considerations, with EUR 84.9 million to be paid in cash (whereof EUR 82.7 million are already paid). The legal costs relating to the acquisitions were recognized directly within the income statement under other operating expenses.

Consolidated revenues amount to EUR 87.7 million since the acquisition dates, whereas the result for the period since the acquisition dates amounts to EUR -15.8 million.

Other remarks regarding acquisitions

The disclosure of revenues and profit or loss of the acquired companies under the assumption that the acquisition date of all business combinations is the beginning of the reporting period was omitted, since it would have caused considerable additional effort while the informational value in terms of consolidated financial statements is insignificant.

Accounting Policies

Basis of consolidation

The first-time consolidation of acquired companies is carried out according to the purchase method at the date of acquisition. The consideration transferred in case of a business combination is measured at its fair value, which is an aggregate of the fair values of the assets acquired and liabilities taken over from the former owner of the acquired company at the date of acquisition in exchange for control of the company. The contingent consideration is treated as part of the transferred consideration and is measured at its fair value at the date of acquisition. If the business combination is achieved in stages, the previously held interest in the acquired entity is revalued at the fair value prevailing at the acquisition date, and the resulting profit or loss is recognized within the consolidated income statement. Additional acquisition costs are directly recognized as expense.

The acquired identifiable assets and liabilities taken over are measured at their fair value at the date of acquisition, unless exceptions thereof exist. In accordance with IFRS 3, any excess of the consideration transferred over the fair values of the identifiable net assets acquired is recognized as goodwill. If consideration transferred is below the identifiable net assets, the difference is recognized against income after a re-evaluation of the acquired net assets.

Initially, non-controlling interests are valued at their respective portions of the identifiable net assets. During the subsequent accounting, the profit/loss of the subsidiary is attributed proportionally to the non-controlling interests, even if this results in a deficit balance. Presentation is within the equity separately from the equity attributable to the shareholders of NOVOMATIC AG. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. Changes in interests in subsidiaries without loss of control are recognized as equity transactions.

The results as well as the assets and liabilities of associated companies are included using the equity method. Investments in associated companies are recognized on the balance sheet at acquisition costs, adjusted by post-acquisition changes of the Group's share of the net assets as well as by losses resulting from impairment. Losses exceeding the Group's share of the associated company are not taken into account.

All significant intercompany receivables, liabilities, expenses and earnings, as well as intra-group profits, are eliminated.

Foreign currency translation

For the currency translation of foreign financial statements, the concept of the functional currency is used. For all companies this is the local currency, as these entities conduct their business independently with regard to financial, economic and organizational aspects.

Apart from the positions within equity, all balance sheet items are translated into Euros at the exchange rate prevailing on December 31, 2013. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences that arise are recognized in other comprehensive income. At the elimination of a foreign company from the consolidation scope, the exchange difference is recognized in the income statement.

The exchange rates used for the currency translation developed as follows:

	EXCHANGE RATE PREVAILING AT BALANCE SHEET DATE		AVERAGE EXCHANGE RATE FOR THE YEAR	
Equivalent amount = EUR 1	**12/31/2013**	**12/31/2012**	**2013**	**2012**
Albanian Lek	140.0775	139.5325	140.3505	139.3335
Argentinian Peso	8.9553	6.4854	7.3724	5.8968
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
British Pounds	0.8330	0.8145	0.8501	0.8111
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Chilean Peso	723.2370	633.1320	663.1102	627.6263
Costa Rican Colón	692.9690	-	683.7878	-
Danish Crown	7.4595	-	7.4585	-
Ghanaian Cedi	3.2701	-	2.7397	-
Guatemalan Quetzal	10.8379	-	10.8331	-
Icelandic Crown	159.0085	-	162.2480	-
Colombian Peso	2,652.4100	2,336.0000	2,502.3588	2,317.4050
Croatian Kuna	7.6200	7.5550	7.5764	7.5132
Latvian Lats	0.7028	0.6975	0.7013	0.6967
Lithuanian Litas	3.4525	3.4520	3.4515	3.4515
Macedonian Dinar	61.4560	62.0510	61.7672	61.5128
Mexican Peso	18.0100	17.1200	17.1025	16.9375
Paraguayan Guarani	6,347.3750	5,663.2350	5,746.1725	5,723.3383
Peruvian New Sol	3.8577	3.3735	3.6125	3.3977
Polish Zloty	4.1530	4.0950	4.2192	4.1757
Romanian Lei	4.4730	4.4385	4.4155	4.4482
Russian Rouble	45.2000	40.2700	42.5842	40.0525
Swiss Franc	1.2250	1.2066	1.2287	1.2040
Serbian Dinar	114.5000	112.4000	113.0050	113.5192
South African Rand	14.4800	11.2290	13.0113	10.5693
Hungarian Forint	297.0000	293.2000	298.0250	288.0167
Ukrainian Hryvnia	11.4133	10.6326	10.8615	10.4259
US Dollar	1.3775	1.3206	1.3294	1.2921
Belarusian Rouble	13,135.4500	11,303.3500	11,876.5708	10,741.3000

Intangible assets and goodwill

Acquired intangible assets are capitalized at acquisition costs and amortized on a scheduled straight-line basis according to their economic useful life or contract period with the exception of the customer relationship that is written off using the diminishing balance method.

Trademarks and licences can have indefinite useful lives. The assessment of intangible assets with an indefinite useful life is reviewed once a year, in order to decide if the assumption of an indefinite useful life is still justified. If this is not the case, the assumption of an indefinite useful life is changed prospectively to a limited useful life.

For intangible assets with an indefinite useful life, an impairment test is carried out at least annually or in the case that indications of an impairment should become apparent. Impairment is given if the recoverable amount is lower than the book value.

The recoverable amount is the higher value of the fair value and the value-in-use, where the value-in-use corresponds to the present value of the estimated future cash flows discounted at a pre-tax interest rate customary in the market and taking into account risks specific to the assets. Impairment is recognized in the year in which the event causing the impairment arises. Should an impairment loss subsequently reverses, the assets are written up.

In case of business combinations, any excess of the consideration transferred over the fair values of the identifiable net assets acquired is shown as goodwill and allocated to cash-generating units for the purpose of an impairment test. The allocation to cash-generating units or groups of cash-generating units is carried out with respect to the identified business segments that are expected to profit from it. The carrying amount of the goodwill is subject to an impairment test annually as of September 30 or if there is any indication of impairment. The book value is compared to the recoverable amount for the cash-generating unit it is allocated to. Any impairment loss is immediately charged against income and will not be reversed in any later period.

The estimated useful lives for intangible assets and goodwill are:

	USEFUL LIFE IN YEARS	
	from	to
Goodwill		Indefinite
Software	3	5
Patents and trademarks	3	20 or indefinite
Licenses	5	20 or indefinite
Customer relationships	7	20
Other intangible assets	3	10

Property, plant and equipment

Property, plant and equipment are stated on the balance sheet at acquisition or production costs less the scheduled straight-line depreciation. Depreciation of assets starts when ready for use. For the determination of the estimated useful life of tangible assets, their expected economic life is taken into account. Regarding an impairment test in case of indications therefore we refer to the remarks above.

The estimated useful lives for tangible assets are:

	USEFUL LIFE IN YEARS	
	from	to
Buildings	20	50
Investments in rented property	10	20
Machines	3	10
Gaming machines	3	7
Equipment	3	10

Investment property

Investment property denotes land and buildings held but not used in business operations. They are stated at amortized costs. The buildings are written off over their estimated useful lives of between 25 and 50 years using the straight-line method.

Leasing

Agreements by which all risks and rewards of ownership related to the use of the assets are transferred to the Group are classified as finance leases. Assets held as finance lease are recognized initially at their fair value or, if lower, at the present value of the minimum lease payments and written off over the estimated useful life or over the shorter term of the leasing contract, if applicable. The recognized assets are shown on the balance sheet along with the present value of all lease payments outstanding at the balance sheet date.

For agreements where the Group is lessor, the amounts payable by the lessee based on finance lease relations are shown as receivable amounting to the net investment in the lease of the Group.

All other leases are qualified as operating leases. Rentals are shown as expense or income.

Financial assets and other long-term assets

Interests in non-consolidated subsidiaries and other interests whose fair value cannot be determined are valued at acquisition costs less any impairment loss recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased, at most, up to the acquisition costs.

The securities within the financial assets are classified as available-for-sale. They are measured at fair value. The fair value of the securities corresponds to the exchange price at balance sheet date. Changes in value are recognized in other comprehensive income with the exception of impairments, which are recognized in profit and loss.

Financial assets are recognized or derecognized on trade-date basis. The Group only derecognizes a financial asset if contractually accorded rights to receive cash flows from the asset have expired or if the financial asset and all its risks and rewards are transferred to a third party.

Loans are classified as loans and receivables and stated at amortized costs. In case of impairment, the carrying amount of the loan is adjusted to the lower fair value.

Inventories

Inventories are stated at the lower of cost or net realizable value. Costs of raw materials are calculated using the weighted average method. Aside from individual manufacturing and material costs, finished and unfinished goods contain a reasonable proportion of material and production overheads. Inventories are reviewed for slow movement or obsolete items and, if necessary, appropriate adjustments are made. Advance payments concerning the inventory are related to advance payments for deliveries.

Receivables and other short-term assets

Trade receivables, other short-term receivables and loans are classified as loans and receivables and stated at their nominal value and if applicable, reduced by appropriate allowances. In order to identify the recoverability of the receivables, the creditworthiness of the customer, available collaterals, changes in the payment history and past experience are considered. The allowances sufficiently take the expected default risk into account. Receivables are derecognized if a definite default of cash flows is expected. Receivables in foreign currencies are valued at the exchange rate prevailing on the balance sheet date. Gains and losses resulting from the currency translation are recognized in the income statement. Precious metals are measured at current market value through the income statement.

Provisions

Provisions for pensions or similar obligations, as well as provisions for severance and jubilee payments, are measured according to the regulations of IAS 19 using the projected unit credit method. The costs of the estimated benefit entitlements are allocated over the whole period of employment. Future increases in remuneration are taken into account. Actuarial gains and losses concerning provisions for severance payments and pensions are recognized in other comprehensive income and/or charged against income when it comes to jubilee payments. Past service costs are recognized as expense at the time of plan adjustment. The provisions correspond to the present value of the obligations (DBO). The accrued amounts are based on the expert opinion of qualified actuaries as of the balance sheet date.

Other provisions are stated at the amount necessary to cover uncertain payment obligations and result from a careful consideration of all the facts involved.

Liabilities

Liabilities (except contingent considerations) are stated at amortized costs. Long-term liabilities are discounted using the effective interest method. Liabilities in foreign currencies are valued at the offered exchange rate at balance sheet date. Gains and losses resulting from the currency translation are recognized in the income statement.

For the initial accounting, all obtainable information concerning contingent considerations resulting from business combinations are taken into account. Liabilities are subsequently measured at fair value through profit and loss.

Derivatives

The Group uses derivatives to hedge its risks associated with the changing of interest rates and exchange rates. Such derivatives are initially recorded at fair value at contract date and are re-measured to fair value at subsequent reporting dates. A derivatives is recognized as an asset if its fair value is positive and as a liability if its fair value is negative. The principle of hedge accounting according to IAS 39 is not applied.

Contingent liability

Contingent liabilities are possible obligations that arise from past events, where an outflow of resources is not probable. In rare cases, a present obligation is not recognized in the consolidated financial statements and instead classified as contingent liability because the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not stated in the consolidated balance sheet but rather disclosed in the consolidated notes.

Revenue and expense recognition

The Group recognizes revenues from the sale and rental of gaming machines, from the operation of gaming halls and electronic gaming machine casinos, from online gaming, and from betting. Revenues from the sale of gaming machines are recognized when the products are delivered and risk and ownership have passed to the customer. Rental revenues are recognized at the rendering of service; obtained special rent payments are deferred on a straight-line basis over the service performance period (basic rental period). Revenues from the operation of gaming halls and electronic gaming machine casinos are shown as the net amount of the bets placed by the customers and the payouts received by them and are recognized at the time of settlement. In cases where the supply and networking of account settlement systems represent the core business activity, the consideration received is shown as revenue. Revenue from online gaming resulting from casinos, games and platform services is recognized as soon as the underlying games have taken place or the service is provided. Betting income is recognized according to the number of bets placed up to the balance sheet date, insofar as the underlying bets have already taken place. Revenues from betting operations are shown as net amounts resulting from bets and payouts from betting. Operating expenses are recognized when incurred or at the date of use of the service.

Financial result

Financial expenses comprise interest from borrowings and finance lease impairments of financial assets, interest-like expenses and charges, and expenses from derivatives.
Financial income includes interest from the placement of funds and investments in financial assets, dividends received and similar income, profit resulting from the disposal of financial assets, and profit resulting from derivatives.

Foreign currency effects resulting from intra-group financing are stated separately in the financial result because of their close connection to financing activities.

Taxes

Income tax expense comprises the income tax of each subsidiary based on its taxable profit for the year and calculated with the tax rate prevailing in the respective jurisdiction ("actual taxes") as well as changes in the deferred taxes.

Deferred taxes are accounted for using the balance sheet liability method and are recognized for temporary differences arising between the carrying amounts stated in the IFRS consolidated balance sheet and the corresponding tax base used on the balance sheet of the subsidiary. Furthermore, the probable tax advantages resulting from tax loss carried forward are also taken into account for the determination of deferred taxes. Temporary differences arising from non-deductible goodwill or, under certain circumstances, from the initial recognition of an asset or liability are not recognized. Deferred tax assets and liabilities are shown net in the Group if a right of set-off exists and the taxes relate to taxpayers in the same tax group.

Average tax rates used by Group companies are:

Country	2013 tax rate	2012 tax rate
Albania	10 %	10 %
Argentina	35 %	35 %
Bosnia and Herzegovina	10 %	10 %
Bulgaria	10 %	10 %
Chile	20 %	20 %
Costa Rica	10 %	-
Curacao	2 %	2 %
Denmark	24.5 %	-
Germany	15.825 %–57.2 %	15.825 %–57.2 %
England	20 % and 23.25 %	23 %–24.5 %
Ghana	25 %	-
Guatemala	6 %	-
Iceland	20 %	-
Italy	27.5 % and 31.4 %	27.5 % and 31.4 %
Colombia	34 %	33 %
Croatia	20 %	20 %
Kosovo	10 %	10 %
Latvia	15 %	15 %
Lithuania	15 %	15 %
Malta	5 %	35 %
Mexico	30 %	30 %
Montenegro	9 %	9 %
Austria	25 %	25 %
Netherlands	25 %	-
Paraguay	10 %	10 %
Peru	30 %	30 %
Poland	19 %	19 %
Romania	16 %	16 %
Russia	0 % and 20 %	0 % and 20 %
San Marino	17 %	17 %
Switzerland	8.5 %	6.5 %
Serbia	15 %	10 %
Slovakia	23 %	-
Slovenia	16 % and 17 %	20 %
Spain	30 %	30 %
South Africa	28 %	28 %
Ukraine	19 %	19 %
Hungary	10 %	10 %
USA	40 %	35 %
Belarus	18 %	18 %

Fair Value Measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participarts at the measurement date. The NOVOMATIC Group uses the following hierarchy to allocate certain assets or liabilities, which are either to be stated at fair value or at least or for which the fair value has to be disclosed, to a certain measurement method:

Level 1: Measurement on the basis of quoted (unadjusted) prices in active markets

Level 2: Measurement on the basis of market prices for similar instruments or on the basis of valuation methods, solely relying on parameters observable in the market.

Level 3: Measurement on the basis of parameters that significantly affect the fair value and are not based on observable market data.

In the face of varying influencing factors, the fair values presented can only be considered as indicators of the values that could actually be generated on the market.

Estimates and adjustments

For the preparation of the financial statements, assumptions and estimates were made influencing the amount of assets and liabilities, income and expenses for the year under report. Even under high diligence, these assumptions may differ from the actual circumstances.

For the following situations, the assumptions made at the balance sheet date are of particular importance:

The assessment of the recoverability of intangible and tangible assets is based on assumptions about the future. For the impairment tests, several assumptions are taken into account to determine the recoverable amount. Of particular importance are future cash flows as well as the discount rate. Cash flow predictions are based on financial plans approved by the management. In addition, assumptions for the presence of indicators regarding impairments or the reversal of impairments are necessary.

Concerning purchase price allocations performed for business combinations, assumptions are made concerning the existence and evaluation of assets received (in particular intangible assets), liabilities and contingent liabilities. The evaluation of their fair value is based on several different assumptions, especially regarding the future cash flows and the discount rate. For the evaluation of contingent considerations, assumptions are made about the probability of achieving the defined objectives.

Assumptions are necessary in order to estimate the useful life of tangible and intangible assets.
Deferred tax assets are recognized to the extent that it is probable that sufficient taxable income will be generated in the future in order to utilize deductible temporary differences or existing tax loss carry forwards.

Concerning the inventory evaluation, assumptions are made regarding the estimated market developement and economic exploitability.
As far as receivables are concerned, individual value adjustments are made on the basis of the probability of default.

For the preparation of financial statements, additional assumptions are made regarding future developments. Concerning social capital obligations, assumptions are made about the pensionable age of employees, their life expectancies, and future pension and salary increases.

The assumptions that upon which estimations are based are subject to constant screening and adjustment.

Notes to the Consolidated Balance Sheet

(1) INTANGIBLE ASSETS

EUR m

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Software	Other intangible assets	Total
Balance as of 01/01/2012	50.4	12.7	180.3	12.6	49.0	41.1	346.2
Currency translation adjustments	0.0	-0.1	0.1	0.0	0.0	0.1	0.1
Additions acquired through business combinations	5.6	3.8	24.2	4.7	0.3	1.0	39.4
Additions	0.0	0.2	3.3	0.0	16.9	7.0	27.3
Disposals	-0.9	-0.4	-4.8	-5.4	-1.0	-3.8	-16.3
Reclassifications	0.0	0.0	3.1	0.0	0.3	-4.6	-1.2
Balance as of 12/31/2012	**55.1**	**16.2**	**206.1**	**11.9**	**65.5**	**40.7**	**395.5**

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Software	Other intangible assets	Total
Balance as of 01/01/2013	55.1	16.2	206.1	11.9	65.5	40.7	395.5
Currency translation adjustments	0.0	-0.1	-1.0	-0.1	0.0	-0.1	-1.2
Additions acquired through business combinations	45.0	8.0	4.5	37.4	19.4	0.9	115.2
Additions	0.0	0.0	10.7	0.3	10.5	12.0	33.6
Disposals	0.0	0.0	-0.7	0.0	-0.1	-0.9	-1.8
Reclassifications	0.0	0.0	0.0	0.0	0.5	-0.6	-0.2
Balance as of 12/31/2013	**100.0**	**24.2**	**219.7**	**49.5**	**95.7**	**52.0**	**541.1**

Accumulated amortization	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Software	Other intangible assets	Total
Balance as of 01/01/2012	16.1	5.5	25.5	4.4	28.7	17.2	97.3
Currency translation adjustments	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Additions acquired through business combinations	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Additions	4.5	0.8	15.5	1.0	7.8	4.9	34.6
Disposals	0.0	-0.4	-2.2	-3.6	-0.4	-1.9	-8.6
Reclassifications	0.0	0.0	1.3	0.0	0.1	-1.4	0.0
Balance as of 12/31/2012	**20.6**	**5.8**	**40.3**	**1.7**	**36.2**	**18.8**	**123.4**

Accumulated amortization	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Software	Other intangible assets	Total
Balance as of 01/01/2013	20.6	5.8	40.3	1.7	36.2	18.8	123.4
Currency translation adjustments	0.0	0.0	-0.5	0.0	0.0	-0.1	-0.6
Additions acquired through business combinations	0.0	0.0	1.4	0.0	0.9	0.7	2.9
Additions	2.7	0.8	38.2	2.2	17.4	4.9	66.3
Disposals	0.0	0.0	-0.4	0.0	-0.1	-0.7	-1.2
Reclassifications	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Balance as of 12/31/2013	**23.4**	**6.6**	**79.0**	**3.9**	**54.4**	**23.6**	**190.9**
Carrying amounts as of 12/31/2012	**34.5**	**10.4**	**165.7**	**10.2**	**29.3**	**22.0**	**272.1**
Carrying amounts as of 12/31/2013	**76.6**	**17.5**	**140.7**	**45.6**	**41.3**	**28.4**	**350.1**

Goodwill

Goodwill is allocated to following group of cash-generating units:

EUR m	12/31/2013	12/31/2012
Gaming Technology - Austrian Gaming Industries	4.2	4.2
Gaming Technology - Online	7.0	0.1
Gaming Technology - Italy	15.9	0.9
Gaming Technology - Netherlands	6.7	0.0
Gaming Operations - Germany	5.1	5.1
Gaming Operations - Online	4.2	0.4
Gaming Operations - Romania	6.7	6.7
Mobile Virtual Network	4.4	0.0
Other	22.5	17.1
Total	**76.7**	**34.6**

Goodwill items with individual values below EUR 4 million are summarized under "Other."

Intangible assets with indefinite useful lives

The intangible assets comprise licenses with indefinite useful lives amounting to EUR 18.6 million (previous year: EUR 18.5 million) and trademarks with indefinite useful lives amounting to EUR 3.6 million (previous year: EUR 3.6 million). The licenses are allocated to the cash-generating unit Gaming Operations – Latvia, whereas trademarks are distributed among various cash-generating units. The useful life of such intangible assets is indefinite because there is no prospect of an end to their economic use.

Impairments

The recoverable amount of the cash-generating units is based on the calculation of a value-in-use applying three year cash flow forecasts that are based on financial plans authorized by the management. The main assumptions for the calculation of the value-in-use for the forecasted period are based on previous reporting years, on experiences of comparable businesses and on overall economic development. During the planning period, the basis is increased by development improvements estimated by the management in light of comparable projects, market potentials and risks.

Discount rates used for the cash flow forecast are pre-tax interest rates, and respective country-specific risks are likewise taken into consideration. Cash flows occurring after the period of between three and five years are carried over with a growth rate subject to market growth.

The value-in-use of the group of cash-generating units Gaming Technology – Netherlands exceeded the book value by EUR 4.0 million. If the discount rate increased to 16.16 %, the excess amount would be consumed. The value-in-use of three groups of cash-generating units shown as "Other" (goodwill: EUR 5.3 million) exceeded the book value by EUR 13.1 million. Accordingly, an increase of the discount rate (12.10 % to 16.35 %) by up to 2 % percentage points would consume the excess amount.

The comparison of book values with the recoverable amounts of the group of cash-generating units done as part of the course of the annual

GROUP OF CASH-GENERATING UNITS	Discount Rate	Growth Rate
Gaming Technology – Austrian Gaming Industries	12.55 %	1.27 %
Gaming Technology – Online	12.37 %	3.00 %
Gaming Technology – Italy	16.35 %	2.00 %
Gaming Technology – Netherlands	12.10 %	0.13 %
Gaming Operations – Germany	13.30 %	1.37 %
Gaming Operations – Online	12.53 %	3.00 %
Gaming Operations – Romania	14.63 %	2.23 %
Gaming Operations – Latvia	14.12 %	4.10 %
Mobile Virtual Network	12.48 %	1.28 %
Other	11.95 % bis 26.35 %	0.00 % bis 4.81 %

impairment test for goodwill, carried out on September 30, 2013, resulted in an impairment in the amount of EUR 2.7 million (previous year: EUR 4.5 million) due to unfavourable business developement. The impairments made concern the segment Gaming Operations.

During 2012 and 2013, legal provisions were enacted (the First State Treaty amending the State Treaty regarding Gambling in Germany [Glücksspieländerungsstaatsvertrag] and related state laws on gaming salons) that have resulted in significantly stricter overall conditions for the industry. Although a transitional period (for the protection of vested rights) through June 30, 2017 is legally stipulated, it was mandatory according to IAS 36 to immediately recognize the entire impairment loss established during an impairment test in profit or loss during fiscal year 2013. The impairment test was performed together with external service providers, with this test's scope including all slot arcades run by the operating companies active in the area of commercial machine gaming. The main focus was on scenarios having to do with site shutdowns and the withdrawal of concessions. The impact of more restrictive legal interpretations on the gaming facilities was investigated. Although individual state laws on gaming salons may include provisions regarding the protection of investments (in particular for the avoidance of undue hardship), these are not regulated in a consistent manner, and their interpretation by the respective authorities in charge is currently unclear. In total, the identified impairment loss for all three companies amounted to EUR 38.7 million, thereof EUR 22.0 million relating to intangible assets (mainly licences) and EUR 16.7 million to tangible assets (mainly investments in locations).

In Italy, the significant increase in the "Preu" Tax on gaming (related to the revenues with VLTs), which over the course of only a few years was increased from 2 % to 5 %, as well as the overall economic environment in the country, has led to changed conditions for the operating companies. Due to these circumstances, an impairment test for the relatively young Italian gaming operations, which are still in the development stage, resulted in a required impairment loss of EUR 15.4 million, thereof EUR 1.2 million relating to intangible assets and EUR 14.1 million to tangible assets (mainly investments in locations).

Research and Developement

Internally generated intangible assets are not capitalized because the criteria of IAS 38.57 are not fulfilled. In the reporting year, non-capitalizable development costs were charged against income in the amount of EUR 62.5 million (previous year: EUR 51.8 million) as personnel costs, other expenses as well as depreciation and amortization on property, plant and equipment, and intangible assets.

(2) PROPERTY, PLANT AND EQUIPMENT

EUR m

Acquisition costs	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2012	503.7[1]	638.8	203.6[1]	32.5	1,378.5
Currency translation adjustments	0.9	1.3	0.1	0.1	2.4
Additions acquired through business combinations	12.7	11.5	17.1	0.2	41.5
Additions	51.8[1]	132.6	42.3[1]	22.0	248.7
Disposals	-13.2	-111.3	-16.7	-5.5	-146.7
Reclassifications	14.3	5.9	5.8	-28.3	-2.3
Balance as of 12/31/2012	**570.2**	**678.7**	**252.3**	**21.0**	**1,522.1**

Acquisition costs	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2013	570.2	678.7	252.3	21.0	1,522.1
Currency translation adjustments	-2.7	-8.1	-1.2	-0.1	-12.1
Additions acquired through business combinations	29.5	36.6	18.6	0.2	84.8
Additions	22.2	143.4	46.2	17.2	228.9
Disposals	-11.7	-105.2	-25.0	-9.7	-151.6
Reclassifications	8.9	11.6	0.7	-16.1	5.0
Balance as of 12/31/2013	**616.3**	**756.9**	**291.5**	**12.5**	**1,677.2**

Accumulated amortization	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2012	124.9[1]	367.5	118.6[1]	1.8	612.7
Currency translation adjustments	0.0	0.5	0.0	0.0	0.6
Additions acquired through business combinations	4.7	0.2	3.4	0.0	8.3
Additions	40.1[1]	134.5	28.4[1]	2.1	205.1
Disposals	-4.8	-101.9	-11.6	0.0	-118.4
Reclassifications	-0.5	-0.4	0.5	0.0	-0.4
Appreciations	0.0	0.0	0.0	0.0	0.0
Balance as of 12/31/2012	**164.4**	**400.3**	**139.3**	**3.9**	**708.0**

Accumulated amortization	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2013	164.4	400.3	139.3	3.9	708.0
Currency translation adjustments	-0.5	-5.1	-0.6	0.0	-6.2
Additions acquired through business combinations	7.7	21.3	12.0	0.0	41.0
Additions	60.1	136.2	38.3	3.8	238.5
Disposals	-7.4	-91.9	-12.9	0.0	-112.2
Reclassifications	1.8	4.2	-1.0	-3.9	1.1
Appreciations	-0.2	-0.8	-0.3	-1.8	-3.2
Balance as of 12/31/2013	**225.9**	**464.2**	**174.9**	**2.0**	**866.9**
Carrying amounts as of 12/31/2012	**405.7[1]**	**278.4**	**112.9[1]**	**17.1**	**814.2**
Carrying amounts as of 12/31/2013	**390.5**	**292.8**	**116.6**	**10.5**	**810.3**

[1] Adjustments due to changes in presentation

Plant and machinery includes slot machines with a book value of EUR 281.9 million (previous year: EUR 269.0 million) for the group‘s own operations or for rental.

In order to collateralize loans, liens were registered on property, plant and equipment (particularly property) in the amount of EUR 21.6 million (previous year: EUR 6.1 million).

Concerning the impairment of tangible assets, please refer to the explanations under note (1).

Finance Lease

NOVOMATIC Group as lessee:

The carrying amount of the Group’s property, plant and equipment in terms of assets held under finance lease totals EUR 2.1 million (previous year: EUR 4.4 million). The tangible assets held under finance lease comprise plant and machinery, office equipment and vehicles. The terms of the finance lease contracts lie between 3 and 5 years.

The carrying amount of the Group’s investment property held under finance lease adds up to EUR 13.4 million (previous year: EUR 13.9 million). After expiration of the agreement, the ownership of the property is transferred to the Group.

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
EUR m	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Within one year	1.5	2.3	1.4	2.1
Between one and five years	3.6	4.6	3.2	4.4
Over five years	0.0	0.0	0.0	0.0
Total	**5.1**	**6.9**	**4.5**	**6.5**
Minus prospective financing costs	-0.5	-0.4		
Present value of lease obligations	**4.5**	**6.5**		

NOVOMATIC Group as lessor:

The Group concludes finance lease agreements for slot machines. The average term of the concluded finance lease agreements is between 1 and 3 years.

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
EUR m	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Within one year	10.1	12.1	8.6	10.3
Between one and five years	16.6	13.2	13.0	10.6
Over five years	0.0	0.0	0.0	0.0
Total	**26.7**	**25.2**	**21.6**	**20.9**
Minus prospective financing income	-5.1	-4.3		
Present value of lease receivables	**21.6**	**20.9**		

Operating Lease

NOVOMATIC Group as lessee:

From the use of tangible assets not recognized on the balance sheet (buildings and vehicles), obligations resulting from lease, tenancy and rent agreements exist in the following amounts:

EUR m	12/31/2013	12/31/2012
For the next year	49.2	50.6
For the second to and including the fifth year	96.6	142.0
Over five years	35.7	54.8

NOVOMATIC Group as lessor:

The Group concluded contracts for rental, of gaming machines with irredeemable terms between 12 and 24 months. The gaming machines are shown in the tangible fixed assets as plant and machinery. The payments of rent in the reporting period are shown as sales under income from rent and management services. Conditional lease payments amount to EUR 142.0 million (previous year: EUR 106.5 million) within rental payments.

The claims for future minimum lease payments from operating leasing rates present themselves as follows:

EUR m	12/31/2013	12/31/2012
For the next year	141.3	174.8
For the second to and including the fifth year	41.4	56.4
Over five years	0.0	0.0

(3) INVESTMENT PROPERTY

EUR m	12/31/2013	12/31/2012
Balance as of 01/01	27.0	25.9
Currency translation adjustments	-0.8	0.3
Additions	0.1	0.0
Disposals	-0.3	0.0
Reclassifications	0.0	3.1
Reclassification as held for sale	-6.4	0.0
Depreciation/amortization	-0.6	-2.3
Appreciations	0.2	0.0
Balance as of 12/31	**19.2**	**27.0**

Investment property denotes land and buildings that are not currently used in operational business. The gross carrying amount totals up to EUR 28.1 million (previous year: EUR 35.7 million) and the accumulated depreciation amounts to EUR 8.9 million (previous year: EUR 8.7 million). For the determination of the fair value, external valuation reports from regional independent experts were obtained in 2012. Since the underlying premises did not change significantly since the 2012 evaluation, the reports have not been updated. Accordingly, the fair value (fair value hierarchy level 3) amounts to EUR 24.2 million (previous year: EUR 31.4 million).

In the current financial year, both income and expenditures from investment property have been insignificant.

(4) INVESTMENTS IN ASSOCIATED COMPANIES

EUR m	12/31/2013	12/31/2012
Balance as of 01/01	95.3	84.4
Currency translation adjustments	-10.6	4.7
Additions	13.5	4.7
Share of post-aquisition profits	-0.2	4.1
Dividends	0.0	-0.2
Disposals	-13.5	-2.4
Transition to full consolidation	-7.6	0.0
Balance as of 12/31	**76.9**	**95.3**

The companies recognized at equity on the consolidated balance sheet are shown in the investment schedule.

The following chart shows the basic data from the balance sheet and income statement of the companies recognized at equity, whereas the data corresponds to 100 % and not to the percentage of shares owned by NOVOMATIC Group in associated companies:

EUR m	12/31/2013	12/31/2012
Assets	279.2	333.5
Liabilities	127.8	155.4
Revenues	136.6	167.1
Results	-0.7	8.9

(5) NON-CURRENT FINANCIAL ASSETS

EUR m	12/31/2013	12/31/2012
Investments in affiliated companies, non-consolidated	5.5	4.8
Securities	10.3	28.2
Other investments	0.8	0.8
Total	**16.7**	**33.8**

The fair value of investments in affiliated companies and other investments cannot be reliably evaluated; therefore, they are valued at their acquisition costs less any possible impairment.

The securities classified as available-for-sale comprise primarily stocks. They are not subject to any restraint of disposal. The carrying amount of securities available-for-sale corresponds to the fair value.

(6) TAXES

Current taxes:

EUR m	12/31/2013	12/31/2012
Current tax receivables	21.9	24.1
Non-current tax liabilities	16.8	13.9
Current tax liabilities	30.5	36.0

Deferred taxes:

EUR m	12/31/2013	12/31/2012
Deferred tax assets	71.9	39.4
Deferred tax liabilities	-43.6	-37.3
Total	**28.3**	**2.0**

Deferred tax assets and liabilities result from the following temporary valuation and accounting differences between the carrying amounts of the financial statement prepared according to IFRS and their respective tax bases:

EUR m	12/31/2013	12/31/2012
Intangible assets	-27.2	-26.4
Property, plant and equipment	27.1	16.0
Finance lease	0.5	0.8
Non-current financial assets	3.9	-0.6
Other non-current assets	-2.3	-2.6
Inventories	4.9	4.4
Current financial assets	-0.1	-2.1
Trade and other receivables	1.1	-1.3
Non-current financial liabilities	0.9	0.0
Provision for severance payments	4.6	4.4
Provision for pensions	-0.1	1.5
Provision for jubilee payments	0.4	0.3
Current provisions	1.4	2.4
Trade payables and other liabilities	5.1	1.2
Tax loss carry forward	8.3	4.1
Total	**28.3**	**2.0**

Income tax charged directly to equity:

EUR m	2013	2012
Revaluation of available-for-sale securities	0.1	-1.8
Remeasurement of the net defined benefit liability	1.8	1.9

In accordance with IAS 12, deferred tax assets on the accumulated loss brought forward adding up to EUR 8.3 million (previous year: EUR 4.1 million) were recognized because they can be offset against taxable income in the future. Tax assets are netted with tax liabilities if they concern the same tax authority and if the right and intention to offset exist.

Dividends from investments in domestic and foreign companies are tax-exempt at the level of the Austrian parent company. In Estonia and Macedonia, an elevated tax rate is applied at the Group level in the case of a disbursement. Since no disbursements are expected from the subsidiaries in those countries in the near future, this has no effect on the Group.

Deferred tax assets not recognized:

EUR m	12/31/2013	12/31/2012
Tax losses	134.1	88.4
Temporary differences	7.2	4.2

In the financial year of 2013, there were tax losses in subsidiares due to unexploitable tax losses carried forward in the amount of EUR 134.1 million (previous year: EUR 88.4 million). Deferred taxes not recognized in the amount of EUR 2.4 million lapse in 2014, with EUR 26.3 million doing so in 2015 et seq.

(7) OTHER NON-CURRENT ASSETS

EUR m	12/31/2013	12/31/2012
Loans	34.8	56.9
Accounts receivable from finance lease	13.0	10.6
Miscellaneous other non-current assets	91.9	82.8
Total	**139.7**	**150.3**

Non-current assets in the amount of EUR 48.4 million (previous year: EUR 47.8 million) result from contractual arrangements with concessionaires granting the NOVOMATIC Group the rights of use for VLT (Video Lottery Terminal) licenses.

(8) INVENTORIES

EUR m	12/31/2013	12/31/2012
Raw materials and supplies	73.5	59.2
Work-in-progress	21.5	17.2
Finished goods and trade goods	66.5	64.6
Prepayments	3.2	0.5
Total	**164.7**	**141.4**

Writedown of inventories amounts to EUR 44.4 million (previous year: EUR 54.5 million).

(9) TRADE RECEIVABLES, OTHER RECEIVABLES AND ASSETS

EUR m	12/31/2013	12/31/2012
Trade receivables	134.7	149.2
Receivables from non-consolidated affiliated companies	0.1	0.5
Receivables from associated companies	0.3	0.7
Prepaid expenses	24.0	18.8
Other current receivables and assets	72.2	69.8
Total	**231.2**	**239.0**

Impairment of trade receivables amounts to EUR 34.5 million (previous year: EUR 29.5 million). The impairment expenses of the year under report are recognized as other operating expenses in the income statement. Due to these impairments, there exist no substantial overdue receivables that have not been written down. The receivables from non-consolidated affiliated companies include trade receivables in the amount of EUR 0.0 million (previous year: EUR 0.4 million).

Other current receivables and assets comprise primarily the offset with the tax authorities, payments to service providers, deferred income and precious metals. Precious metals with a book value of EUR 28.1 million (previous year: EUR 20.4 million) are evaluated with respect to the market price (fair value hierarchy – level 2). Within the scope of consequential evaluation, changes in value are accounted for as other operating expense amounting to EUR -8.3 million.

The carrying values of trade and other receivables approximate their fair values.

(10) CURRENT FINANCIAL ASSETS

EUR m	12/31/2013	12/31/2012
Securities	24.4	6.7
Loans	3.0	1.9
Accounts receivable from finance lease	8.6	10.3
Other current financial assets	0.1	0.5
Total	**36.1**	**19.4**

The carrying values of current financial assets approximate their fair values.

(11) CASH AND CASH EQUIVALENTS

EUR m	12/31/2013	12/31/2012
Cash	99.5	90.9
Bank deposit	318.0	276.3
Total	**417.6**	**367.2**

The major part of the stated cash is tied up as cash reserves and base-filling of the gaming machines at the various gaming establishments. The book value of cash and cash equivalents equals their fair value.

(12) NON-CURRENT ASSETS HELD FOR SALE

The Group decided to sell a company, whose assets consist mainly of a developed property, and initiated the selling process. In accordance with IFRS 5, all assets and liabilities are classified as held for sale. Assets held for sale amounting to EUR 6.8 million have to do mainly with developed property that was previously classified as investment property. Currency translation adjustments in the amount of EUR -0.7 million are stated in other comprehensive income.

(13) SHARE CAPITAL

The share capital of EUR 26 million is fully issued, entirely paid in, and divided into 26,000,000 registered no-par value shares. Each share corresponds to EUR 1.00 of the share capital.

(14) CAPITAL RESERVE

The capital reserves of EUR 1.0 million are tied-up reserves.

(15) RETAINED EARNINGS

The retained earnings consist of the Group's consolidated profit for the year and of the accumulated profits from previous periods. The retained profits also include an amount of EUR 1.6 million which, combined with the tided-up capital reserves of EUR 1.0 million to make EUR 2.6 million, represents the tied-up reserves of 10 % of the share capital according to section 229 para 4 Austrian Company Code.

Retained earnings also compromise of the reevaluation of net debt defined benefit obligations amounting to EUR -5.2 million (previous year: EUR -5.4 million), whereby the change of EUR 0.2 million (previous year: EUR -4.4 million) is stated in other comprehensive income.

(16) REVALUATION RESERVE

The revaluation of securities available for sale is stated in the revaluation reserve. The revaluation amounts to EUR -0.5 million (previous year: EUR 5.3 million), whereby the change of EUR -5.8 million (previous year: EUR 7.4 million) is stated in other comprehensive income.

(17) CURRENCY TRANSLATION ADJUSTMENT

Upon consolidation, differences from the translation of foreign subsidiaries at exchange rates prevailing on the balance sheet date are transferred to this position. For the business year of 2013, changes in the currency translation adjustment amount to EUR -4.4 million (previous year: EUR -1.8 million) in other comprehensive income.

(18) NON-CONTROLLING INTERESTS

Non-controlling interests consist of the interests in equity of consolidated subsidiaries held by other shareholders. The portion allocatable to the non-controlling interests from change of foreign currency translation adjustments in the amount of EUR -0.8 million (previous year: EUR 0.4 million) is stated in other comprehensive income.

(19) NON-CURRENT FINANCIAL LIABILITIES

EUR m	12/31/2013	12/31/2012
Bonds	591.2	348.6
Bank loans	228.8	400.6
Obligations under finance leases	3.2	4.4
Other long-term financial liabilities	2.7	2.3
Total	**825.9**	**755.9**

NOVOMATIC AG issued bonds with the following terms and conditions:

Nominal value	200 EUR m	150 EUR m	250 EUR m
Term	2010–2015	2010–2017	2013–2019
Denomination	EUR 500.--	EUR 500.--	EUR 500.--
Normal interest rate	4.50 % p.a.	5.00 % p.a.	4.00 % p.a.
Coupon	01/22 every year	10/27 every year	01/28 every year
Redemption	01/22/2015 bullet	10/27/2017 bullet	01/28/2019 bullet
Closing price 12/31/2013	EUR 102.777	EUR 106.975	EUR 102.775
ISIN	AT0000A0G3Z9	AT0000A0KSM6	AT0000A0XSN7

The company purchased its own bonds in the amount of EUR 7.6 million. The book value is debited pro rata from the bond liabilites, and the exceeding purchase price in the amount of EUR -0.9 million is stated as financial expense.

The bonds are listed on the Second Regulated Market at the Vienna Stock Exchange. The fair value of the bonds is EUR 615.1 million (previous year: EUR 360.3 million).

The fair value of bank loans amounts to EUR 231.8 million (previous year: EUR 405.6 million). Bank loans with a term of between one and five years amount to EUR 194.7 million (previous year: EUR 188.5 million), and bank loans with a term over five years amount to EUR 34.1 million (previous year: EUR 212.0 million). The weighted average interest rate amounts to 3.77 % (previous year: 3.69 %).

(20) NON-CURRENT PROVISIONS

EUR m	12/31/2013	12/31/2012
Provision for severance payments	24.9	20.7
Provision for pensions	14.2	13.7
Provision for jubilee payments	5.0	4.0
Other long-term provisions	8.2	6.1
Total	**52.4**	**44.5**

Provision for severance payments

Due to legal or collectively agreed obligations, employees in Austria whose service began before January 1, 2003 are entitled to receive severance payments upon termination of employment upon reaching normal retirement age. Such entitlements depend on their years of service and final compensation levels. Provisions for the future liabilities are generated according to actuarial principles. The amount of the future obligations was calculated according to the regulations of IAS 19 with application of the projected unit credit method at a discount rate of 2.5 % to 2.9 % (previous year: 2.9 %) and assuming a pay increase of 1 % to 3 % (previous year: 3 %). Estimated retirement age refers to the earliest possible retirement age according to ASVG regulations. Discounts due to fluctuations or other factors are not taken into account.

Entitlements to severance payments for employees whose service began after January 1, 2003 are covered by a defined contribution system. The payments to the external employee pension fund are recognized as expense.

Expenses for severance payments recognized as personnel cost:

EUR m	12/31/2013	12/31/2012
Current service cost	3.3	2.9
Interest cost	0.5	0.7
Past service cost	0.0	4.1
Expense for the year	**3.8**	7.6

Provision for severance payments shown on the balance sheet:

EUR m	12/31/2013	12/31/2012
Balance as of 01/01	20.7	9.6
Amounts recognized in income statement		
Current service cost (+)	3.3	2.9
Interest cost (+)	0.5	0.7
Past service cost	0.0	4.1
Remeasurement of the period (other comprehensive income)		
Actuarial gains/losses from the change in demographic assumptions	0.0	0.0
Actuarial gains/losses from the change in financial assumptions	-0.2	4.4
Payments (-)	-0.5	-0.9
Change in the consolidation scope	1.2	0.0
Present value of obligation as of December 31	**24.9**	**20.7**

Sensitivity analysis for severance payments:

EUR m	Change of the parameter	Change in the present value of obligation 12/31/2013
Discount rate	0.5 %	-0.9
Discount rate	-0.5 %	0.7
Salary increase	0.5 %	0.7
Salary increase	-0.5 %	-0.9

As of December 31, 2013, the average term of severance obligations was from 9 to 17 years, depending on the country. Payments in the amount of EUR 10.3 million are estimated for the next financial year.

Provision for pensions

Due to individual agreements, some Group companies are obligated to accord a pension allowance to the members of the Board of Directors and to employees beginning with the date of their retirement. Such entitlements depend on years of service and final compensation levels. The provision for pensions is calculated in line with IAS 19 (projected unit credit method) using an interest rate of 2.9 % / 3.4 % (previous year: 2.9 % / 3.45 %) and taking adjustments of values from 2 % to 3 % (previous year: 2 % to 3 %) into account.

Expenses for pensions recognized as personnel cost:

EUR m	12/31/2013	12/31/2012
Current service cost	0.5	0.7
Interest cost	0.4	0.1
Expense for the year	**1.0**	**0.9**

Provision for pensions shown on the balance sheet:

EUR m	12/31/2013	12/31/2012
Balance as of 01/01	13.7	10.2
Amounts recognized in income statement		
Current service cost (+)	0.5	0.7
Interest cost (+)	0.4	0.1
Remeasurement of the period (other comprehensive income)		
Actuarial gains/losses from the change in demographic assumptions	0.0	0.0
Actuarial gains/losses from the change in financial assumptions	-0.1	3.1
Payments (-)	-0.4	-0.4
Change in the consolidation scope	0.0	0.0
Present value of obligation as of December 31	**14.2**	**13.7**

Sensitivity analysis for pensions:

EUR m	Change of the parameter	Change in the present value of obligation 12/31/2013
Discount rate	0.5 %	-1.3
Discount rate	-0.5 %	2.3
Pension increase	0.5 %	1.3
Pension increase	-0.5 %	-0.6

As of December 31, 2013, the average term of pension obligations is from 6 to 14 years, depending on the country. Payments in the amount of EUR 0.6 million are estimated for the next financial year.

Provisions for jubilee payments

After a long period of service with the company, employees are entitled to jubilee payments arising from collective agreements. The amount of these obligations was calculated under the assumptions of a discount rate of 2.9 % to 3.95 % (previous year: 2.9 % / 5.5 %) and a pay increase of 2 % to 4 % (previous year: 3 %).

A fluctuation discount based on an internal statistic on the withdrawals of the last three years considering the probable individual continuance in the company was taken into account.

Expenses for jubilee payments recognized as personnel cost:

EUR m	12/31/2013	12/31/2012
Current service cost	1.3	0.8
Interest cost	0.1	0.2
Actuarial gains/losses	-0.2	-0.1
Expense for the year	**1.2**	**0.9**

Provision for jubilee payments shown on the balance sheet:

EUR m	12/31/2013	12/31/2012
Balance as of 01/01	4.0	3.4
Amounts recognized in income statement		
Current service cost (+)	1.3	0.8
Interest cost (+)	0.1	0.2
Actuarial gains/losses	-0.2	-0.2
Payments (-)	-0.2	-0.2
Change in the consolidation scope	0.0	0.0
Present value of obligation as of December 31	**5.0**	**4.0**

Other long-term provisions

The other long-term provisions essentially concern the provision for anticipated losses and dismantling obligations. The development of other long-term provisions is shown below:

EUR m	12/31/2013	12/31/2012
Balance as of 01/01	6.1	7.8
Currency translation adjustments	-0.1	0.0
Change in the consolidation scope	0.7	0.0
Consumption	-1.4	-3.0
Disposal	0.0	-2.3
Allocation	5.0	3.6
Reclassifications	-2.1	-0.3
Unwind of discount	0.0	0.3
Balance as of 12/31	**8.2**	**6.1**

(21) OTHER NON-CURRENT LIABILITIES

EUR m	12/31/2013	12/31/2012
Deferred income	0.7	1.8
Other non-current liabilities	4.8	4.9
Purchase price obligations	21.8	1.8
Total	**27.3**	**8.4**

Purchase price obligations are compromised of fixed and contingent considerations from business combinations as well as obligations from put options for non-controlling interests.

(22) CURRENT FINANCIAL LIABILITIES

EUR m	12/31/2013	12/31/2012
Short-term bank liabilities	23.6	69.9
Short-term obligations under finance leases	1.4	2.1
Short-term financial liabilities	0.4	0.8
Derivatives	1.3	3.3
Total	**26.7**	**76.1**

The short-term financial liabilities are due for settlement within one year. The stated amount of short-term bank loans approximates their fair value.

(23) CURRENT PROVISIONS

EUR m	Other provisions for personnel	Warranties	Obligations for legal issues	Other short-term provisions	Total
Balance as of 12/31/2012	6.2	2.5	1.4	22.4	32.5
Currency translation adjustments	0.0	0.0	0.0	-0.1	-0.2
Change in the consolidation scope	1.2	0.0	0.0	1.5	2.7
Consumption	-3.6	-0.2	-0.2	-13.7	-17.7
Disposal	-0.4	-0.3	-0.1	-4.8	-5.5
Allocation	6.0	0.0	48.8	24.5	79.4
Reclassifications	0.1	0.4	0.0	-1.5	-1.0
Balance as of 12/31/2013	**9.5**	**2.5**	**50.0**	**28.3**	**90.2**

In February of 2012, all ten gaming concessionaires in Italy (and thus also G. Matica S.r.l.) were sentenced by the Chamber of the National Court of Audit (Corte dei Conti) responsible for the region of Latium to pay damages amounting to a total of EUR 2,475 million. Specifically, G.Matica S.r.l. was sentenced to pay EUR 150 million (plus interest for the period since the verdict). However, this ruling is not yet final. The verdict was founded on allegedly culpable breaches of contract by G.Matica S.r.l. relating to the outdated networked settlement system installed in gaming machines during the period of 2004 through 2007, as well as on the alleged "public damages" incurred. An appeal was submitted against the verdict within due time, and a new hearing date was set for the summer of 2014. The NOVOMATIC Group has established suitable provisions for the above mentioned proceedings. Within the scope of the ongoing evaluation of the pending lawsuit, the NOVOMATIC Group is evaluating all possible courses of action, including procedural steps as well as, in particular, the conclusion of a settlement.

Other current provisions consist mainly of marketing costs and provisions for locations.

(24) TRADE PAYABLES AND OTHER LIABILITIES

EUR m	12/31/2013	12/31/2012
Trade payables	70.2	61.1
Payables to non-consolidated affiliated companies	1.6	1.3
Payables to associated companies	0.0	0.0
Downpayments received	4.0	4.3
Deferred income	37.8	21.3
Liabilities to employees	33.2	28.9
Other liabilities from social security obligations	9.4	7.2
Other taxes (except income tax)	66.1	58.4
Purchase price obligations	9.0	1.5
Other short-term liabilities	65.9	67.4
Total	**297.3**	**251.4**

Deferred income consists mainly of special rent payments for slot machines and loyalty rewards for clients in Germany.

Purchase price obligations cover fixed and contingent considerations from business combinations as well as obligations from put options for non-controlling interests.

Other short-term liabilites consist mainly of credit balances with tax offices, deposits received, outstanding invoices, accrued interest and short-term clearing accounts.

The carrying values of trade payables and other liabilities approximate their fair values.

Notes to the Consolidated Income Statement

The income statement was prepared applying the total expenditure format.

(25) REVENUES

EUR m	2013	2012
Sale revenues	167.5	165.8
Operation of slot machines	745.9	671.4
Income from rent and management services	505.6	484.1
Betting income	45.9	42.1
eBusiness income	128.3	95.7
Income from food and beverage	26.0	24.4
Other sales	75.5	62.8
Sales reduction	-10.7	-9.6
Total	**1,684.1**	**1,536.7**

Due to adjustments in 2013, previous-year comparative figures are also adjusted accordingly.

(26) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS AS WELL AS OWN WORK CAPITALIZED

EUR m	2013	2012
Changes in inventories of finished goods and work in progress	20.1	-5.7
Own work capitalized	123.1	137.9
Total	**143.3**	**132.2**

Own work capitalized consists mainly of internally produced electronic gaming machines.

(27) OTHER OPERATING INCOME

EUR m	2013	2012
Income from the disposal of tangible assets and property, plant and equipment	6.5	8.4
Other operating income	68.5	47.5
Total	**75.0**	**56.0**

Other operating income consists mainly of income from earn-out allocations associated with the sale of fully consolidated subsidiaries amounting to EUR 32.3 million (previous year: EUR 13.3 million). Foreign exchange gains amount to EUR 0.8 million (previous year: EUR 3.2 million).

(28) COST OF MATERIAL AND OTHER PURCHASED SERVICES

EUR m	2013	2012
Material cost	-232.1	-199.7
Purchased services for production	-3.4	-8.4
Total	**-235.5**	**-208.1**

(29) PERSONNEL COSTS

EUR m	2013	2012
Wages and salaries	-343.3	-301.2
Expenses for severance payments	-7.8	-7.8
Expenses for pensions	-2.5	-1.2
Expenses for mandatory social contributions and payroll-related taxes	-72.2	-62.6
Other social expenses	-5.5	-3.9
Total	**-431.3**	**-376.6**

The increase in personnel costs is due to collectively agreed and individual pay increases and, in particular, to an increase in the number of employees in the Group.

The average number of employees evolved as follows:

	2013	2012
Salaried employees	5,977	4,370
Workers	9,849	8,982
Total	**15,826**	**13,352**

(30) AMORTIZATION/DEPRECIATION AND IMPAIRMENT

OF INTANGIBLE AND TANGIBLE ASSETS AND INVESTMENT PROPERTY

EUR m	2013	2012
Scheduled depreciation / amortization	-248.9	-223.8
Impairment	-56.5	-18.2
Total	**-305.4**	**-242.0**

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in the notes (1), (2) and (3).

Based on impairment tests, value adjustments on goodwill amounting to EUR 2.7 million (previous year: EUR 4.5 million), on licenses amounting to EUR 22.0 million (previous year: EUR 0.6 million), on gaming machines amounting to EUR 1.6 million (previous year: EUR 2.5 million), on buildings amounting to EUR 24.5 million (previous year: EUR 5.9 million), on investment property amounting to EUR 0.0 million (previous year: EUR 1.7 million) and on other property, plant and equipment plus intangible assets amounting to EUR 5.6 million (previous year: EUR 3.0 million) were allowed. Therefore, the impairment of the segment “Gaming Operations” amounts to EUR 53.9 million (previous year: EUR 11.2 million), whereas impairment of the segment “Gaming Technology” amounts to 2.6 EUR (previous year: EUR 7.1 million).

(31) GAMING TAXES AND BETTING FEES

EUR m	2013	2012
Gaming taxes	-141.0	-132.5
Betting fees	-5.8	-5.5
Total	**-146.8**	**-138.0**

(32) OTHER OPERATING EXPENSES

EUR m	2013	2012
Other taxes, fees and other charges	-43.7	-34.4
Maintenance	-31.7	-22.6
Energy	-24.3	-22.4
Telephone, communications	-11.3	-9.9
Rent and lease payments	-92.3	-75.3
Insurance	-4.5	-5.1
Vehicle fleet operation costs	-13.1	-10.0
Legal, audit and consulting costs	-22.1	-22.4
Other services received	-33.5	-35.5
Advertising costs	-81.6	-75.9
Traveling costs	-9.4	-8.4
Development, license and patent costs	-22.9	-20.3
Commissions	-7.4	-7.9
Partners' share	-25.0	-17.3
Bad debt and valuation adjustment	-17.9	-18.4
Loss from the disposal of fixed asset	-5.8	-5.9
Obligations for legal issues	-47.3	0.0
Other expenses	-119.7	-91.5
Disposal of provisions	5.1	4.7
Total	**-608.5**	**-478.4**

Other expenses comprise foreign exchange losses amounting to EUR 7.8 million (previous year: EUR 1.9 million). Concerning the provisions for legal issues, we refer to (23).

(33) SHARE OF PROFIT/LOSS OF ASSOCIATED COMPANIES

EUR m	2013	2012
Novosun S.A.	-0.8	3.8
H. Polanz GmbH	0.7	0.9
Pratergarage Errichtungs- und Betriebsges.m.b.H.	-0.1	-0.2
SIM Spielbanken Investitions- und Beteiligungs- Management GmbH & CO KG	0.0	-0.4
Total	**-0.2**	**4.1**

(34) FINANCIAL INCOME

EUR m	2013	2012
Interest income	8.2	7.8
Income from the disposal of financial assets	2.2	1.7
Income from other investments	0.0	0.0
Fair value valuation of interest rate swaps	1.8	1.1
Interest from finance lease receivables	2.1	3.8
Other financial income	2.4	6.3
Total	**16.8**	**20.7**

(35) FINANCIAL EXPENSES

EUR m	2013	2012
Interest expenses	-12.1	-15.1
Interest on obligation bonds	-27.1	-21.0
Interest on obligation under finance lease	-0.1	-0.2
Losses from the disposal of financial assets	-14.0	-0.1
Impairment on financial assets, loans and securities	-12.0	-1.0
Other financial expenses	-6.0	-3.5
Total	**-71.4**	**-40.8**

The transfer of 45 % of shares in TAP dayli Vertriebs Gmbh resulted in a disposal loss in the amount of EUR 13.5 million. Accordingly, related loans in the amount of EUR 10.2 million have been devaluated.

Other financial expenses in the amount of EUR 4.3 million result from the subsequent measurement of contingent considerations from business combinations.

(36) FOREIGN CURRENCY EFFECTS RESULTING FROM INTRA-GROUP FINANCING

Foreign currency effects resulting from intra-group financing are stated separately in the financial result because of their close connection to financing activities.

Exchange rate profit and loss amounts to EUR -14.1 million (previous year EUR 5.0 million) due to unfavourable exchange rate development.

(37) INCOME TAXES

EUR m	2013	2012
Current income tax expenses	-97.1	-88.4
Current income tax relating to other periods	3.0	2.3
Deferred tax income/expense	43.4	8.1
Total	**-50.8**	**-78.0**

A reconciliation of income tax applying the Austrian corporate income tax rate of 25 % (previous year: 25 %) to the effective tax rate for the 2013 business year is stated below:

EUR m	2013	2012
Earnings before taxes	**105.9**	**270.8**
Computed income tax expense of 25 % (previous year: 25 %)	**-26.5**	**-67.7**
Adjustment of the computed income tax expense		
Differing foreign tax rates	-3.4	-5.4
Effects of non-taxable income	7.9	4.7
Effects of non-deductable expenses	-27.4	-9.9
Effects of tax advantages	2.9	0.0
Actual income tax relating to other periods	3.0	2.3
Effects of change in tax rate of deferred taxes	-0.2	0.6
Effects on the real tax expenses of initially not recognized and unused tax losses carry forward and possible offsets	1.7	2.0
Effects on deferred tax expenses of initially not recognized and unused tax losses carry forward and possible offsets	0.1	0.9
Effects of the reversal of a previous adjustment of a deferred tax asset	0.3	0.1
Effects of unused tax losses carry forward and possible offsets not recognized as deferred taxes	-10.2	-3.7
Withholding tax	0.6	-1.5
Other	0.4	-0.3
Effective Group income tax expense	**-50.8**	**-78.0**
Effective Group income tax rate	47.9 %	28.8 %

Taxes on income comprised in other comprehensive income:

EUR m	2013	2012
Revaluation of available-for-sale securities	1.8	-2.5
Remeasurement of the net defined benefit liability	-0.1	1.9

Notes to the Consolidated Cash Flow Statement

Cash flow from operating, investing and financing activities is shown separately in the cash flow statement. The consolidated cash flow statement was prepared according to the indirect method. Liquid funds correspond to cash and cash equivalents stated on the balance sheet (note 11).
During the current financial year the Group undertook the following non-cash investing and financing activities that are not reflected in the cash flow statement: receivables related to the sale of fully consolidated subsidiaries amounting to EUR 10.3 million (previous year: EUR 14.7 million) and liabilities concerning the acquisition of companies amounting to EUR 43.8 million (previous year: EUR 9.0 million).

Notes to the Segment Reporting

For management purposes, the Group is divided into two business segments. The segment reporting shows this strategic orientation.

The segment "Gaming Technology" includes the production, sale and rental of gaming and entertainment machines, and online B2B operations.

The segment "Gaming Operations" consists of the operation of casinos and electronic gaming machine casinos, the betting business (in particular sports, dog racing and horse racing betting), and online B2C operations.

The valuations for the segment report correspond to the accounting policies used for the IFRS consolidated financial statements. The transition is comprised of those assets and liabilities that are not directly related to gaming operations and also includes adjustments due to consolidation.

The inter-segment exchange of goods and services shows the supply and service relationships between the operating segments. Charging is carried out "at arm's length." Intercompany expenses, income and profits are eliminated upon consolidation.

Segment assets consist mainly of intangible assets, tangible assets, inventories, accounts receivable trade and cash balances. Segment liabilities consist mainly of accounts payable trade, provisions and deferred income. During the reconciliation of the segment assets and liabilities, intercompany receivables and liabilities are eliminated as part of the consolidation of debts.

Unallocated assets and debts, respectively, consist of those items on the balance sheet that are not defined as segment assets or segmet debts and are used for the transition to the consolidated value.

In light of adjustments in 2013, comparative values in 2012 have been adjusted accordingly.

Segment revenues

2013 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	712.3	965.8	6.0	1,684.1
Intra-segment revenues	99.1	7.7	-106.8	0.0
Total revenues	**811.4**	**973.4**	**-100.7**	**1,684.1**

2012 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	673.4	863.1	0.2	1,536.7
Intra-segment revenues	79.5	3.8	-83.4	0.0
Total revenues	**752.9**	**866.9**	**-83.1**	**1,536.7**

Segment result

2013 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
Segment result (EBIT)	**164.4**	**23.6**	**-13.1**	**174.8**
Financial result				-68.9
Earnings before taxes				105.9
Income taxes				-50.8
Profit after taxes				**55.1**

2012 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
Segment result (EBIT)	**185.9**	**105.3**	**-9.4**	**281.8**
Financial result				-11.0
Earnings before taxes				270.8
Income taxes				-78.0
Profit after taxes				**192.8**

Segment assets and liabilities

2013 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Not-Allocated Assets/Liabilities	Total
Segment assets	1,072.4	600.4	-10.0	700.3	2,363.1
Segment liabilities	247.4	275.9	-82.8	970.1	1,410.6

2012 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Not-Allocated Assets/Liabilities	Total
Segment assets	987.4	600.1	-29.8	665.6	2,223.3
Segment liabilities	211.4	206.7	-87.8	925.7	1,256.0

Other segment information

2013 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
Scheduled depreciation/amortization	-168.0	-77.1	-3.9	-248.9
Impairment	-2.6	-53.9	0.0	-56.5
Investments	160.9	99.5	2.1	262.5
Investments through business combinations	57.9	43.2	9.6	110.7
Income from associates	0.0	-0.1	-0.1	-0.2
Carrying amount of associated companies	0.0	76.7	0.2	76.9

2012 EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
Scheduled depreciation/amortization	-157.2	-64.0	-2.6	-223.8
Impairment	-7.1	-11.2	0.0	-18.2
Investments	179.2	87.0	9.9	276.0
Investments through business combinations	24.8	31.4	11.6	67.8
Income from associates	0.0	4.3	-0.2	4.1
Carrying amount of associated companies	0.0	95.0	0.3	95.3

Geographical information

The Group operates in the geographical regions “Europe” and “International.”

The revenues and segment assets of the Group are shown below:

2013 EUR m	Europe	International	Not-Allocated Assets	Total
Segment revenues	1,590.8	93.3	-	1,684.1
Segment assets	1,585.4	77.4	700.3	2,363.1

2012 EUR m	Europe	International	Not-Allocated Assets	Total
Segment revenues	1,445.7	91.0	-	1,536.7
Segment assets	1,473.3	84.3	665.7	2,223.3

The principle used in the georgraphic allocation of turnovers is the destination principle. On the Austrian home market, turnovers in the amount of EUR 429.0 million (previous year: EUR 366 million) have been recorded. Accordingly, EUR 541.6 million of the segment-assets are alloted to Austria (previous year: EUR 489.9 million).

Financial instruments

	CATEGORY ACC. TO IAS 39				Fair value		
12/31/2013 **EUR m**	Loans and receivables	Financial assets available for sale	Financial liabilities at amortised costs	Derivatives	Securities	Derivatives	Contingent considerations
Financial assets							
Non-current financial assets		16.7			10.3		
Other non-current assets	103.3						
Trade receivables, other receivables and assets	170.1						
Current financial assets	3.0	24.4			24.4		
Cash and cash equivalents	417.6						
TOTAL	**694.0**	**41.0**	**0.0**	**0.0**	**34.7**	**0.0**	**0.0**
Financial liabilities							
Non-current financial liabilities			821.8				
Other non-current liabilities			10.7				15.3
Current financial liabilities			24.0	1.3		1.3	
Trade payables and other liabilities			129.8				5.4
TOTAL	**0.0**	**0.0**	**986.3**	**1.3**	**0.0**	**1.3**	**20.7**
12/31/2012 **EUR m**							
Financial assets							
Non-current financial assets		33.8			28.2		
Other non-current assets	121.2						
Trade receivables, other receivables and assets	180.2						
Current financial assets	1.9	6.7			6.7		
Cash and cash equivalents	367.2						
TOTAL	**670.5**	**40.5**	**0.0**	**0.0**	**35.0**	**0.0**	**0.0**
Financial liabilities							
Non-current financial liabilities			750.5				
Other non-current liabilities			6.6				0.0
Current financial liabilities			70.7	3.3		3.3	
Trade payables and other liabilities			116.6				0.0
TOTAL	**0.0**	**0.0**	**944.4**	**3.3**	**0.0**	**3.3**	**0.0**

CLASSIFICATION ACC. TO IFRS 7

Amortized costs							
Cash and cash equivalents	Trade receivables and Lease	Loans	Bonds	Bank and lease liabilities	Trade payables	Other receivables and liabilities	Investments in non-consolidated companies and shares
							6.4
	14.7	74.0				27.6	
	135.1	1.3				33.7	
	8.6	3.0					
417.6							
417.6	**158.4**	**78.3**	**0.0**	**0.0**	**0.0**	**61.3**	**6.4**
		1.8	591.2	232.0			
						10.7	
		0.4		25.0			
					71.8	58.0	
0.0	**0.0**	**2.2**	**591.2**	**257.0**	**71.8**	**68.6**	**0.0**

							5.6
	10.6	97.4				23.8	
	150.4	1.0				28.8	
	10.3	1.9					
367.2							
367.2	**171.3**	**100.3**	**0.0**	**0.0**	**0.0**	**52.6**	**5.6**
		1.3	348.6	405.0			
						6.6	
		0.8		72.0			
					62.5	54.1	
0.0	**0.0**	**2.1**	**348.6**	**476.9**	**62.5**	**60.7**	**0.0**

Valuation of financial instruments

a) Fair value of financial assets and liabilities carried at fair value in the financial statements

Several assets and liabilities of the Group are valued at fair value due to the purpose of financial reporting.

Valuation of financial instruments:

EUR m	12/31/2013	12/31/2012	Hierarchy
Assets			
Financial assets available for sale	34.7	35.0	Level 1
Liabilities			
Derivatives	1.3	3.3	Level 2
Contingent considerations from business combinations	20.7	0.0	Level 3

Financial assets available for sale consist of listed equity instruments respectively debt instruments. For the valuation listed money rates on active markets are used with respect to the affirmation of the depository banks.

Derivatives compromise of interest rate swaps and foreign exchange forwards, whose fair value is evaluated using the discounted cash flow method. In this method, future cash flows are estimated with respect to the basis of forward interest rates (observable yield curve on the balance sheet date) and contracted interest rates respectively on the basis of foreign exchange forward rates (observable rates on the balance sheet date) and contracted foreign exchange rates. Evaluations are done by the banks involved.

In order to hedge financial risks the NOVOMATIC Group used derivatives as follows:

EUR m	12/31/2013		12/31/2012	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap, 2007–2014	30.0	-0.6	30.0	-1.9
Interest rate swap, 2013	0.0	0.0	0.8	0.0
Forward Start IRS, 2010–2014	30.0	-0.4	30.0	-1.3
USD futures trading	50.4	-0.3	13.3	-0.1

The market value of derivatives is the value that the respective company would gain or be obligated to pay if the respective transactions were realized on the balance sheet date. The change in market value is charged against income.

Contingent considerations from acquisitions result from contractual obligations of the acquiring Group company when reaching sales or EBITDA objectives, respectively defined in the contract within a certain time after closing. These obligations consist of additional purchase price payments. The evaluation of these contingent considerations is based on projected sales or EBITDA estimates, respectively. Changes after the first accounting in the amount of EUR 4.3 million due to subsequent measurements are charged against income and stated as financial expense. Contingent considerations are accounted for as other non-current liability in the amount of EUR 15.3 million and as trade payables and other liabilities in the amount of EUR 5.4 million.

The remaining terms of these purchase price obligations ranges from one to three years. If the estimated EBITDA or projected sales are increased by 10 %, the obligations increase by EUR 4.8 million; a 10 % decrease would lead to a decrease in the amount of EUR 4.8 million.

b) Fair value of financial assets and liabilities not carried at fair value in the financial statements, whereby the fair value must be disclosed

For financial instruments valued at acquisition costsw, the book value as well as fair value is shown as follows:

EUR m	2013		2012		Hierarchy
	Book value	Fair value	Book value	Fair value	
Financial liabilities					
Bonds	591.2	615.1	348.6	360.3	Level 1
Bank and lease liabilities	257.0	260.0	476.9	481.9	Level 2

Fair value of bonds is the price listed on the stock market. The market value for bank and leasing obligations is determined by discounting future fixed cash flows relative to these obligations at market interest rate on the balance sheet date.

For financial assets and liabilities not shown above, it is estimated that the book value is an adequate approximate value for the fair value:

Fair value for cash, trade receivables, trade payables other current receivables or for other current liabilities corresponds respectively to the book value due to the short remaining term.

For loans, credits, other non-current receivables or other non-current liabilities, respectively, it is estimated that the difference between book value and fair value is insignificant and that default risk is covered by adequate writedowns.

Net result according to IAS 39

12/31/2013 — **Subsequent measurement**

EUR m	Allowances	at fair value through income statement	at fair value through other comprehensive income	Disposal results	Net results
Loans and receivables	-17.9				-17.9
Derivatives		1.8			1.8
Financial assets available for sale			-16.0	-0.1	-16.1

12/31/2012 — **Subsequent measurement**

EUR m	Allowances	at fair value through income statement	at fair value through other comprehensive income	Disposal results	Net results
Loans and receivables	-18.4				-18.4
Derivatives		1.1			1.1
Financial assets available for sale			12.9	0.0	12.9

Due to the disposal of financial assets available for sale, an amount of EUR -1.1 million (whereof EUR -1.5 million is the fair value and EUR 0.4 million the corresponding tax amount) has been transferred from other comprehensive income to the income statement.

Capital Risk Management

The purpose of capital risk management is the control of the equity and debt capital structure to ensure the safeguarding of sustained high profitability as well as a solid balance sheet structure. In this way, it is ensured that all affiliates can operate under the going concern proposition.

The development of the financial structure is supervised using by means of the capital-to-assets ratio and the ratio of net indebtedness to EBITDA. These ratios are under examination biannually and are reported to the Board of Directors, which uses those ratios for further corporate development.

The equity ratio is calculated as the ratio of equity to balance sheet total. Equity consists of the issued capital, capital reserves, retained earnings, and the valuation reserve plus currency translation adjustments and non-controlling interests. Net debt is calculated as the sum of current and non-current financial liabilities less cash and cash equivalents. Debt ratio is calculated accordingly as the ratio of net debt to earnings before interest and taxes, depreciation and amortization (EBITDA).

The NOVOMATIC Group defined an equity ratio of at least 20 % as well as a net debt in relation to the EBITDA of not more than 3.75x. The equity ratio as well as the ratio of net debt to EBITDA as of December 31 ,2013 and December 31, 2012:

	2013	2012
Equity ratio (Equity/total)	40.3 %	43.5 %
Net debt to EBITDA (Net debt/EBITDA)	0.91	0.89

In the reporting year of 2013, an implicit investment-grade rating was pursued in order to secure the availabilty of third-party funds at reasonable conditions.

Financial Risk Management

NOVOMATIC Group controls, monitors and limits the financial risks connected with its various business segments. The control of financial risks is supported by a treasury management system that is established in the industrial and bank sector. The relevant financial risks concerning the Group are monitored on a regular basis, and are collateralized, if necessary, to minimize the risk.

The identification, analysis and valuation of financial risks, as well as the decisions concerning the application of financial instruments to manage these risks, are essentially carried out at the Group's headquarters. The possible adoption of derivative instruments is subject to supervision by the management of the Group.

Liquidity Risk

Liquidity or financing risk is the risk of having to remain solvent at any time so as to fulfill due obligations on time, to have the possibility of obtaining necessary financial means from investors at arm´s length, or to give aval or similar assurances. Furthermore, there is a considerable need for liquid funds in the gaming industry, especially for cash in the Group's gaming establishments. A major part of the stated cash is tied up as cash reserves and base-filling of the gaming machines at the various gaming establishments.

Due to the Group's conservative debt management, liquidity risk is limited. Nevertheless, NOVOMATIC Group places an additional focus on liquidity risk and its control. Liquidity and financial flexibility at any time is ensured by the existent liquid funds and the available financing margin (as of December 31, 2013 EUR 420 million). Based on the results of the Group strategy and Group planning processes, liquidity planning on a rolling basis is affected, thus offering a current status of the estimated development of the liquidity. Medium and long-term financing needs are determined by means of this forecast of the expected cash flows.

In order to continue reducing the liquidity risk, NOVOMATIC Group always seeks an investor base that is internationally diversified. For this purpose, relationships with international banks and financial service providers were further intensified in 2013.

In addition to traditional loan financing, forms of capital market financing such as bonds (as of December 31, 2013: EUR 600 million) and promissory notes (as of December 31, 2013: EUR 100 million) grew in importance.

In January 2013, a bond was issued in the amount of EUR 250.0 million with a term of 6 years.

In July 2013, two tranches of the German bonded note loans issued in 2008 amounting to EUR 48.5 million were paid back as stipulated in the contract.

To reduce refinancing risk, NOVOMATIC AG continually invested funds in 2013 in order to provide for the redemption of substantial financial liabilities which will be due in the years to come. To comply with its conservative investment strategy, the Group only used money market investments offered by banks with an excellent credit rating in order to minimize the risk of capital loss.

The following table shows the contractually fixed payments for clearances, redemptions and interest from financial liabilities including derivative financial instruments stated on the consolidated balance sheet. Derivative instruments are shown at their market value whereas other liabilities are shown in the amount of the non-discounted cash flows for the following business years:

EUR m	2014	2015–2018	2013	2014–2017
Bonds	26.2	413.6	16.5	388.5
Bank loans	29.7	214.1	76.5	206.8
Lease liabilities	1.5	3.6	2.3	4.6
Trade payables	71.8	0.0	62.5	0.0
Derivatives	1.3	0.0	3.3	0.0
Contingent considerations	5.4	15.3	0.0	0.0
Other payables	58.0	10.7	54.1	8.4

Due to the high level of cash and cash equivalents and the available revolving lines of credit, payment on time is guaranteed.

Counterparty Credit Risk

The counterparty credit risk constitutes the risk of delay or default in payment by a contractual partner. In the Group's finance and sales department, credit relationships with banks and business partners of high creditworthiness predominate.

In order to keep track of the default risk for the investments (currency account balances, money market funds, capital market investments, securities) and for derivatives (positive value of financial instruments), limits are subject to ongoing monitoring. The limit for counterparty credit risk depends on the trade type and the creditworthiness of the counterparty, while paying due heed to a balanced distribution of the funds to avoid non-diversified risk. If a transaction exceeds the limit, measures are immediately implemented to meet the defined target figures. Furthermore, the development of the counterparties' creditworthiness in the financial sector is monitored continually in order to minimize default risk.

In its sales business, the NOVOMATIC Group is exposed to counterparty credit risk insofar as customers might not fulfill their payment obligations in full or when they come due. This risk is limited by regularly analyzing the creditworthiness of the customer portfolio. The default risk is partially reduced through additionally demanded collaterals such as received deposits, guarantees and/or letters of credit. Through contractually secured reservations of title and agreed payments per direct debit, the NOVOMATIC Group's risk exposure is further minimized. Due to the Group's large number of business partners, there is no concentration of default risk.

The maximum risk of default on receivables and loans to business partners is limited to their book value. In the case of other financial assets (means of payment, financial instruments available for sale and other financial instruments with the exception of derivative financial instruments), the maximum risk of default is likewise the book value. In the case of derivative financial instruments, the maximum risk of default is the equivalent to the positive fair value of the derivative as of the valuation date.

Market Risk

a) Interest rate risk

In the context of external financing activities and its capital investment strategy, NOVOMATIC Group is exposed to interest rate risk. The development of interest rates can have a direct positive or negative effect on the value of financial instruments (present value risk) or on the resulting cash flows (cash flow risk).

Due to risk management-related considerations, fixed as well as variable interest is paid on the existing debt, and short as well as long-term financing arrangements are concluded to minimize cluster risk.

In order to limit interest rate risk, current interest rate developments are constantly monitored and, if necessary, the interest rate risks are hedged.

Due to the high proportion of fixed rate bonds in the portfolio of the NOVOMATIC Group, the cash flow risk due to increasing interest rates is limited. Variable interest deposits exceed variable interest financing, for which reason the cash flow risk due to increasing interest rates is inherently limited.

A guideline defined by the Board of Directors is the basis for all hedge transactions. Derivative financial instruments are concluded exclusively for the purpose of collateralizing underlying transactions, rather than for the purpose of speculation. The concluded interest rate swaps are recognized at fair value in the consolidated financial statements.

The following schedule shows the effect of possible interest rate changes (+/- 50 basis points) on operating profit and on equity based on reasonable judgment. For the calculation effects on interest expenses from payment of variable interest on bank obligations, effects on the interest income from bank deposits bearing variable interest and effects on compensatory payments of derivatives were taken into account.

EUR m	2013		2012	
Change (in basis points)	+50 basis points	-50 basis points	+50 basis points	-50 basis points
Change in the profit before taxes	0.7	-0.3	0.6	-0.6
Change in equity	0.5	-0.2	0.4	-0.4

As a consequence of the low interest rates in the course of the financial year 2013, the impacts of a potential decrease in interest in the amount of 50 basis points on the result of ordinary business activity as well as equity would have been limited to max. 22 basis points (0 % interest).

b) Foreign exchange risk

The risk resulting from fluctuations in the value of financial instruments, other balance sheet items (e.g. receivables and liabilities) and/or cash flows denominated in foreign currencies due to exahange rate fluctuations is called currency risk or foriegn exchange risk. This risk resides predominantly in business transactions conducted in currencies other than the local currency of an entity (hereinafter referred to as foreign currency) or in regular business activity (direct currency risk) or in transactions where prices for products and services depend on currency other than the invoicing currency (indirect currency risk).

The development of the foreign exchange risk relevant to transactions in foreign currency is constantly monitored and, if necessary, collateralized in order to minimize said risk. Currency risk is quantified continuously and material exposure is secured via suitable hedges in order to minimize the risk foreign exchange-related losses. A first hedge is initially provided through items that are naturally self-contained (natural hedge), for instance trade receivables in USD balanced by trade payables for the purchase of materials in USD. With regard to the exchange rate risks from operational transactions, the NOVOMATIC AG Group is in a USD net payer's position due to the invoiced payments for material in USD.

The following chart is based on reasonable judgment and shows the effect of possible exchange rate fluctuations of +/- 0.10 USD to EUR on the profit before taxes and on equity.

EUR m	2013		2012	
Exchange rate fluctuation, USD to EUR	+10 USD Cent	-10 USD Cent	+10 USD Cent	-10 USD Cent
Change in profit before taxes	3.4	-3.9	2.5	-2.9
Change in equity	2.5	-2.9	1.9	-2.2

As of the balance sheet date, interest-bearing financial liabilities of the NOVOMATIC Group are mainly in Euros and USD. Group companies with a balance sheet currency other than EUR or USD were therfore exposed to foriegn exchange risks in relation to EUR/USD.

c) Capital investments

In this area, the risks encompass primarily exchange rate and valuation risks related to capital investments. The capital investments held by the NOVOMATIC Group are comprised predominantly of gold and publicly listed stocks that were affected by the global price fluctuations during the period under report.

In June 2009, NOVOMATIC AG invested EUR 1.0 million in the participation capital of an Austrian credit institution. The risk here consists in the potential absence of annual interest payments should there be no disbursable profit, as well as in possibile failure to reimburse the principal at maturity.

There were no significant further capital investment-related events in 2013.

Other Information

Group audit fees

The expenses for services rendered by the Group auditor (including the network according to sec. 271b Austrian Company Code) present themselves as follows:

EUR m	2013	2012
Group audit and audit of financial statements	1.5	1.3
Audit-related services	0.2	0.0
Tax advisory services	0.0	0.1
Other consultancy	0.0	0.1

Related party transactions

Novo Invest GmbH, Gumpoldskirchen, is the parent company of NOVOMATIC AG. These consolidated financial statements of the NOVOMATIC Group are included in the consolidated financial statements of Novo Invest GmbH as head of the Group and are filed at the Regional Court of Wiener Neustadt under FN 381832v.

For the NOVOMATIC Group, the total amount of related party transactions for the respective period is summarized in the following table:

	Associated companies		Management		Other	
EUR m	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Receivables	0.3	0.7	0.0	0.0	1.1	1.7
Liabilities	0.0	0.0	0.1	0.2	6.6	14.4
Revenues	2.9	2.4	0.0	0.0	9.5	6.7
Material cost	0.0	0.0	0.0	0.0	40.1	33.0
Consulting services	0.0	0.0	0.4	0.3	0.2	0.3
Research and development	0.0	0.0	0.0	0.0	8.4	8.5
Other expenses	1.5	1.2	0.2	0.0	2.3	2.0

Transactions with associated companies result from the business-related exchange of goods and services. Associated companies are mentioned within the scope of consolidation.

The heading "Management" comprises the Supervisory Board and the Board of Directors of NOVOMATIC AG. The business relationships with the management result from consulting services. The management's remuneration is disclosed under the heading "Company bodies."

Other related parties are essentially companies that are controlled by the management or by the shareholders of NOVOMATIC AG. The transactions with the other related parties result from the delivery of goods and services, rental fees and research and development services. Furthermore, the NOVOMATIC Group bought 22.5 % of shares in Vilo Entertainment S.r.l. from a related company.

Accounts receivable are unsecured and are settled in cash. Guarantees were neither given nor received.

Contingent liabilities

EUR m	12/31/2013	12/31/2012
Bill commitments	0.3	0.2
Suretyships and guarantees	9.2	11.7
Total	**9.5**	**11.9**

The Group granted payment guarantees against UniCredit Bank Austria AG amounting to EUR 1.0 million (previous year: EUR 1.0 million) for Mega Games Srl. Bozen in favor of Atlantis World Group of Companies N.V. Netherlands and another one amounting to EUR 0.5 million (previous year: EUR 0.5 million) in favor of an employee. Payment guarantees were granted against the regulatory authority AAMS amounting to EUR 6.7 million (previous year: EUR 7.2 million) in Italy.

Subsequent events after the balance sheet date

In January 2014, Novo Gaming Netherlands B.V., a wholly owned subsidiary of NOVOMATIC, acquired three companies owned by Christoffel Groep B.V. This transaction included the Christoffel Group's gaming facility operations (nine electronic casinos) and single-site operations (470 locations). This acquisition strengthens the NOVOMATIC Group's position in the Dutch market for machine placement, while at the same time facilitating entry into the Dutch gaming salon market.

In January 2014, UAB Azarto technika, a company in which NOVOMATIC holds a stake of 80%, acquired 50% stakes in both UAB VSGA and UAB Taxillus. Taken together, UAB VSGA and UAB Taxillus constitute a casino group in Lithuania in which UAB VSGA holds an open-ended casino license, while UAB Taxillus operates under a gastronomy license. The newly acquired companies currently operate four casino locations in Lithuania.

The purchase consideration amounts to EUR 19.6 million. Since the purchase price allocation is currently not yet terminated, no reliable data can be stated. Accordingly, no further information concering these acquisitions is stated.

As of March 5, 2014, NOVOMATIC prematurely terminated the revolving consortium credit facility granted on the April 9, 2009 in the amount of EUR 188.5 million. This loan had already been refinanced on February 28, 2014 with a credit facility in the amount of EUR 250 million and a maturity of six years.

Company bodies

The following members of the Executive Board were appointed for the 2013 financial year:

» **Dr. Franz WOHLFAHRT** (Chairman of the Board of Directors)
» **DI Ryszard PRESCH**
(Deputy Chairman of the Board of Directors)
» **Mag. Thomas GRAF** (CTO)
» **Mag. Peter STEIN** (CFO)

In financial year 2013, the Supervisory Board was made up of the following members:

» **Senator Herbert LUGMAYR,**
(Chairman of the Supervisory Board)
» **Helmut JELL,**
(Deputy Chairman of the Supervisory Board)
» **Mag. Dr. Karl POUR**
» **Dr. Christian WIDHALM**

The current total remuneration of the members of the Board of Directors of NOVOMATIC AG amounted to EUR 5.9 million for business year 2013 (previous year: EUR 5.3 million). Of the expenses for severance payments and pensions, EUR 1.2 million (previous year: EUR 5.2 million) and EUR 0.4 million (previous year: EUR 0.3 million), respectively, were attributed to the Board of Directors. The members of the Supervisory Board received EUR 0.2 million (previous year: EUR 0.5 million) for their function during business year 2013. No loans or contingencies were granted to members of the Supervisory Board or the Board of Directors during business year 2013.

Publication

The present consolidated financial statements were released on the April 11, 2014 by the Board of Directors for examination by the Supervisory Board, submission to the general shareholders meeting and subsequent publication.

Statement of the Board of Directors

We confirm to the best of our knowledge that the consolidated financial statements as of December 31, 2013 give a true and fair view of the financial position, financial performance, and cash flows of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and that the consolidated management report of December 31, 2013 gives a true and fair view of the development and performance of the business and of the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

We confirm to the best of our knowledge that the separate financial statements as of December 31, 2013 give a true and fair view of the financial position, financial performance and cash flows of NOVOMATIC AG as required by the Austrian Commercial Code, and that the management report of December 31, 2013 gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

Gumpoldskirchen, April 11, 2014

The Board of Directors of NOVOMATIC AG:

Dr. Franz WOHLFAHRT
CEO

DI Ryszard PRESCH
Deputy CEO

Mag. Thomas GRAF
CTO

Mag. Peter STEIN
CFO

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NOVOMATIC AG, Gumpoldskirchen, for the fiscal year from January 1, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the Group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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 and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group'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 consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Group's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to section 243a para 2 of the Austrian Commercial Code are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to section 243a para 2 of the Austrian Commercial Code are appropriate.

Vienna, April 11, 2014
Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Christoph WALDECK
Certified Public Accountant

ppa. Mag. Eveline SCHRAMM
Certified Public Accountant

This English translation of the audit report was prepared for the client's convenience only. It is not a legally binding translation of the German audit report. The consolidated financial statements and our auditor's report may be published or transmitted together only if the consolidated financial statements and the management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.

NOVOMATIC AG

BALANCE SHEET

as of December 31, 2013

Assets	12/31/2013	12/31/2012
A. FIXED ASSETS	EUR	KEUR
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	37,035,287.78	33,995
2. Advance payments	10,370.00	0
	37,045,657.78	
II. Tangible assets		
1. Land, buildings and improvements to third-party buildings	170,372,711.28	176,815
2. Plants and machinery	122,033.63	135
3. Office fixtures, fittings and equipment	1,799,413.94	2,045
4. Tangible assets under construction	2,851,483.60	2,588
	175,145,642.45	
III. Financial assets		
1. Shares in affiliated companies	472,472,069.76	394,011
2. Loans to affiliated companies	309,347,026.07	276,870
3. Investments	475,000.00	3,739
4. Loans to associated companies	770,865.63	756
5. Securities held as fixed assets	17,131,019.02	17,924
6. Other loans	21,447,724.32	41,564
	821,643,704.80	
	1,033,835,005.03	950,442
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	530,422.05	350
2. Receivables from affiliated companies	118,319,286.29	128,284
3. Other receivables and assets	30,939,077.28	25,079
	149,788,785.62	
II. Securities and interests	17,722,946.49	6,620
II. Cash, bank deposits	71,973,520.06	25,950
	239,485,252.17	186,283
C. PREPAID EXPENSES		
1. Prepaid expenses	1,007,782.59	988
2. Deferred tax assets	8,439,343.81	5,132
3. Discount	519,278.30	573
	9,966,404.70	6,693
	1,283,286,661.90	**1,143,418**

Shareholders' Equity and Liabilities	12/31/2013	12/31/2012
A. SHAREHOLDERS' EQUITY	EUR	KEUR
I. Share capital	26,000,000.00	26,000
II. Capital reserves (tied up)	976.371,00	976
III. Profit reserves (legal reserves)	1,623,629.00	1,624
IV. Retained profits (of which retained profits brought forward total EUR 233,172,630.79, previous year: KEUR 124,382)	282,953,956.11	281,172
	311,553,956.11	309,772
B. UNTAXED RESERVES		
Valuation reserve from special depreciation allowances	**138,063.49**	150
C. PROVISIONS		
1. Provision for severance payment	9,332,265.00	8,076
2. Provision for pensions	3,327,062.00	2,897
3. Provision for corporate income tax	2,383,142.96	7
4. Other provisions	6,124,996.90	12,260
	21,167,466.86	23,240
D. LIABILITIES		
1. Bonds	600,000,000.00	350,000
2. Due to banks	214,699,097.31	438,221
3. Trade payables	3,314,246.32	2,285
4. Payables to affiliated companies	110,229,511.62	6,284
5. Payables to associated companies	11,064.61	0
6. Other liabilities		
a) thereof taxes	719,652.73	289
b) othereof social security	137,408.11	132
c) others	21,316,194.74	13,045
	22,173,255.58	
	950,427,175.44	810,256
	1,283,286,661.90	**1,143,418**
Contingent liabilities	72,801,774.60	64,294

NOVOMATIC AG

PROFIT AND LOSS ACCOUNT

for the period from January 1, 2013 to December 31, 2013

	2013 EUR	2012 KEUR
1. Sales	70,684,739.44	65,918
2. Other operating income		
a) Income from the disposal of fixed assets except financial assets	234,233.43	349
b) Income from the release of provisions	307.00	20
c) Other	7,778,233.21	1,922
	8,012,773.64	
3. Personnel expenses		
a) Salaries	-8,012,233.50	-15,897
b) Expenses for severance payments and contributions to external severance payment funds	-1,346,842.86	-5,716
c) Pension expenses	-393,715.04	-1,320
d) Cost of statutory social security, payroll-related taxes and mandatory contributions	-1,295,906.79	-1,554
e) Other social expenses	-373,240.86	-321
	-11,421,939.05	
4. Amortization and depreciation		
a) Of intangible assets and of tangible assets	-23,403,570.92	-20,787
b) Of current assets if exceeding the normal depreciation in the company	-8,325,000.00	0
	-31,728,570.92	
5. Other operating expenses		
a) Taxes not included in line 15	-154,916.24	-156
b) Other	-32,568,503.13	-38,599
	-32,723,419.37	
6. Operating income (subtotal of lines 1 to 5)	**2,823,583.74**	-16,141

	2013 EUR	2012 KEUR
7. Investment income (thereof from affiliated companies: EUR 90,913,091.49; previous year: KEUR 182,644)	90,928,771.49	182,816
8. Income from other investments and long-term loans (thereof from affiliated companies: EUR 9,606,241.14; previous year: KEUR 11,126)	10,999,742.72	12,367
9. Other interest and similar income (thereof from affiliated companies: EUR 1,243.80; previous year: KEUR 0)	2,499,761.98	2,892
10. Gain from the disposal of and the appreciation of financial assets and securities held as current assets	3,762,578.42	4,560
11. Expenses from financial assets and securities held as current assets (thereof depreciation: EUR 18,274,816.10; previous year: KEUR 794) (thereof from affiliated companies: EUR 13,532,887.71; previous year: KEUR 0)	-31,807,703.81	-811
12. Interest and similar expenses (thereof from affiliated companies: EUR 94,390.67; previous year: KEUR 8)	-36,120,544.61	-34,995
13. Financial result (subtotal of lines 7 to 12)	**40,262,606.19**	166,829
14. Results from ordinary activities	**43,086,189.93**	150,688
15. Taxes on income (thereof tax apportionment: EUR 6,658,238.44; previous year KEUR 7,120)	6,683,618.44	6,096
16. Net income for the year	**49,769,808.37**	156,784
17. Disposals of untaxed reserves Valuation reserve from special depreciation allowances	21,392.28	20
18. Allocation to untaxed reserves Valuation reserve from special depreciation allowances	-9,875.33	-14
19. Net profit for the year	**49,781,325.32**	156,790
20. Profits carried forward from previous year	233,172,630.79	124,382
21. Retained profits	**282,953,956.11**	281,172

NOTES

for financial year 2013

I. Accounting and Valuation Principles

The annual accounts were prepared in compliance with the relevant requirements and generally accepted accounting principles in order to present a true and fair view, in all material respects, of the financial position and results of the operations.

The principles of completeness and non-arbitrariness were applied. Valuation followed the principles of adequate and orderly accounting as well as the going concern assumption, and was based upon the valuation principles applied to last year's annual accounts, except where changes in the valuation principles are explicitly stated for the individual item. Assets and liabilities were assessed individually at balance sheet date.
In accordance with the principle of prudence, only profits realized as of balance sheet date are shown, and all apparent risks and impending losses incurred during the current period or in previous periods were considered.

The profit and loss account was prepared according to the total expenditure format. In accordance with section 223 para 7 of the Austrian Commercial Code, items of the balance sheet or the profit and loss account showing a zero balance for the current and the previous period were not listed.

The intangible assets – only if acquired against payment – as well as the tangibles were stated at cost of acquisition or production less the scheduled depreciation corresponding to the expected useful life and less a potentially necessary extraordinary depreciation. Through the allocation to a valuation reserve in accordance with section 205 para 1 of the Austrian Commercial Code, low-value assets are completely written off in the year of their acquisition or production.

Receivables and other assets were stated at nominal value less necessary allowances. Overdue receivables were discounted and, for bad debts, a lump-sum value adjustment was allowed.

In application of the principle of prudence, all identifiable risks and all liabilities of uncertain amount or origin were considered by setting up provisions according to reasonable commercial judgment.

Liabilities were valued at their redemption amount. Liabilities in foreign currency were valued at the foreign exchange rate offered at the balance sheet date or at a higher purchase rate at the date of transaction.

II. Explanations to the Balance Sheet

ASSETS

A. Fixed assets

1. Intangible and tangible assets

Fixed assets are stated at cost of acquisition or production less planned linear depreciation corresponding to the estimated useful life.

The development of each item in the fixed assets and the breakdown of the annual depreciation are shown in the fixed assets schedule.

1.1. Intangible assets
Intangible assets are stated at acquisition cost less planned linear depreciation based on a useful life of 4–10 years.

Additions of about KEUR 18,996 primarily concern specific software rights that were acquired or developed by Austrian Gaming Industries GmbH, an affiliated company.

The book values of intangible assets acquired from affiliated companies add up to KEUR 32,437 (previous year: KEUR 27,866).

1.2. Tangible assets

The real estate value of undeveloped and built-up land amounts to KEUR 39,649 (previous year: KEUR 40,387).

Other tangible assets are stated at cost of acquisition or production less planned linear depreciation (spread over 25 to 50 years for buildings, 4 to 10 years for movable assets and structural investments). Low-value assets such as factory and office equipment were capitalized via allocation to a valuation reserve in accordance with section 205 para 1 of the Austrian Commercial Code.

The essential additions of the current year are the commissioning of two properties located in Vösendorf and Gumpoldskirchen acquired in 2012, as well as the modification of the injection moulding factory in Gumpoldskirchen.

2. Financial assets

Financial assets are valued at their acquisition costs.

Securities are valued at their acquisition costs or at their lower market values as of the balance sheet date.

Impairment of book values of domestic and foreign investments will be applied in case of:

» persistent deterioration of earnings, and/or
» a necessity for support from the shareholder, and/or
» deficient means and measures on the occasion of the acquisition, and/or
» reorganization measures that will not result in substantial profits in the foreseeable future and represent deficiencies that cannot be eliminated anytime soon, and/or
» losses that can no longer be absorbed by the affiliated company alone.

Impairment will not be applied in case of mere start-up losses.

Additions to the shares in affiliated companies amounting to KEUR 124,353 are due mainly to the capital increases of KEUR 104,665 at an Italian and an Austrian subsidiary, as well as to the incorporation and acquisition of two Austrian subsidiaries in the amount of KEUR 14,587. Furthermore, the remaining 51 % of shares in a German affiliate company have been acquired for KEUR 3,613.

For further details concerning the shares in affiliated companies, please refer to point IV.

Loans granted to affiliated companies amount to KEUR 309,347 (previous year: KEUR 276,870). This change concerned subsidiaries with promising growth prospects.

Other loans increased by KEUR 4,135 because of the allocation of funds to business associates but also decreased by KEUR 15,778 due to repatriations and reclassifications to shares. Thus, the total acquisition costs amount to KEUR 31,649 (previous year: KEUR 43,292). Accumulated impairment amounting to KEUR 10,202 (previous year: KEUR 1,728) rose by KEUR 8,474 due to the lack of earning prospects of debtors.

Securities held as fixed assets in the amount of KEUR 17,723 have been reallocated to current assets due to the intention of disposal.

Of loans granted to affiliated companies, an amount of KEUR 6,449 (previous year: KEUR 4,733) is due within one year.

B. Current assets

1. Receivables and other assets

1.1. Trade receivables

Accounts receivable are stated at nominal value. In case of apparent individual risks, the probable recoverable amount was recognized. Receivables are – as in the previous year – due within one year.

1.2. Receivables from affiliated companies

Receivables from affiliated companies concern in particularly allocations in the amount of KEUR 97,364 with subsidiary Austrian Gaming Industries GmbH and KEUR 14,031 with the subsidiary HTM Hotel und Tourismus Management GmbH. These balances include the distributions of profit declared for 2013 but not yet collected from Austrian Gaming Industries GmbH in the amount of KEUR 80,000 and, from HTM Hotel und Tourismus Management GmbH, allocations concerning the distribution of the tax burden in the amount of KEUR 12,525.
Intercompany receivables are managed on an open item basis

with an interest rate between 1.750 % and 4.875 %. Interest earnings are included in the financial result. The receivables from affiliated companies include trade receivables in the amount of KEUR 22,512 (previous year: KEUR 3,924). As in the previous year, the remaining time to maturity of the receivables is less than one year.

1.3. Other receivables and assets

Other receivables and assets amount to KEUR 30,939 (previous year: KEUR 25,078) and mainly concern a precious metals portfolio worth KEUR 28,100 (previous year: KEUR 20,425). Other receivables in the amount of KEUR 66 (previous year: KEUR 73) are due in more than one year.

C. Prepaid expenses

The prepaid expenses amounting to KEUR 9,966 consist of deferred tax assets, capitalized discounts and expenditures pertaining to 2014 and subsequent years.

Shareholders' Equity and liabilities

A. Shareholders' Equity

The share capital of the company amounts to KEUR 26,000, as in the previous year.

Capital reserves tied-up amounting to KEUR 976 and legal profit reserves amounting to KEUR 1,624 remained unchanged, whereby the total appropriated reserves – amounting to KEUR 2,600 – correspond to 10 % of the share capital as required by law.

B. Untaxed reserves

The valuation reserve concerns low-value assets according to section 13 and a reserve according to section 12 of the Austrian Income Tax Act (EStG). Regarding the development of untaxed reserves, we refer to the enclosed supplement.

C. Provisions

In compliance with the principle of prudence, all identifiable risks and liabilities of uncertain amount and/or origin at balance sheet date were accounted for by setting up provisions according to reasonable commercial judgment.

The provisions for severance payments were calculated applying actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 2.9 % (previous year: 2.9 %) and assuming a pay increase of 3 %. The minimum legal retirement age according to ASVG regulations was assumed. Deductions based on fluctuations or other circumstances were not included.

The expenses for severance payments, at KEUR 1,256 (previous year: KEUR 5,626), concern changes in provisions for severance payments.

For severance payments in the amount of KEUR 7,749, all eligibility criteria are fulfilled, and these are therefore stated as current.

Due to irrevocable pension commitments, a pension provision was formed. The calculation was conducted applying actuarial principles in accordance with IAS 19 using the projected unit credit method with an interest rate of 2.9 % (previous year: 2.9 %) and value adjustments of 3 %. Pension expenses, at KEUR 430 (previous year: KEUR 1,345), concern the changes in this provision.

Other provisions consist of those for auditing and consulting fees, for expenses for annual reports, for interest rate swap deals, for sites in Vienna, for bonus payments to the Board of Directors, for unconsumed vacation, and for jubilee payments. Provisions for jubilee payments were also calculated in line with actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 2.9 % (previous year: 2.9 %) and assuming a pay increase of 3 %.

The provisions for unused vacation are calculated under the assumption of a divider of 18 working days per month.

We refer to the enclosed supplement showing the development of provisions.

The provision for the deferred tax liability amounting to KEUR

2,383 (previous year: 0) has been formed due to allocation of losses of foreign Group members according to section 9 of the Austrian Corporate Income Tax Act (KStG), which are taxable in Austria at the time of utilization of losses according to the applicable foreign law. Due to different terms of those passive deferred taxes, no netting out with active deferred taxes (which are accounted for separately under prepaid expenses) has been carried out.

D. Liabilities

MATURITY

KEUR	TOTAL LIABILITIES with maturity of less than 1 year	with maturity of 1 to 5 years	with maturity of over 5 years
Bonds	0	350,000	250,000
(previous year)	0	350,000	0
Due to banks	5,520	176,510	32,669
(previous year)	58,673	169,498	210,050
Trade payables	3,314	0	0
(previous year)	2,285	0	0
Payables to affiliated companies	109,908	322	0
(previous year)	5,968	316	0
Other liabilities	22,173	0	0
(previous year)	13,466	0	0

In 2010, two bonds were issued as part of an issuance program, in order to support further growth in the areas of development, production and gaming operations. The January 2010 bond has a volume of KEUR 200,000 and a maturity of 5 years, and bears interest of 4.5 % p.a.; the October 2010 bond has a volume of KEUR 150,000 and a maturity of 7 years, and bears interest of 5 % p.a.

In 2013, another bond was issued. The 2013 bond has a volume of KEUR 250,000 and a maturity of 6 years, and bears interest of 4 % p.a.

Payables to affiliated companies amounting to KEUR 104,831 (previous year: KEUR 5,398) concern other liabilities. Of these, a significant sum amounting to KEUR 99,952 results from the implementation of cash-pooling agreements with Austrian subsidiaries during the reporting period. Other liabilities include expenses in the amount of KEUR 22,076 (previous year: KEUR 13,851) that will be paid only after the balance sheet date.

E. Contingent liabilities

At balance sheet date, there are contingent liabilities amounting to KEUR 72,802 (previous year: KEUR 64,294); of this sum, an amount of KEUR 72,802 (previous year: KEUR 57,505) concerns affiliated companies. Contingent liabilities comprise comfort letters or guarantees for bank loans for affiliated companies, and are composed as follows:

a) CONTINGENT LIABILITIES

Bank	Company in favor	Security	Ceiling	As of 12/31/2013
			KEUR	KEUR
UniCredit Vienna	Dec. 31, 2013	Comfort letter	0	0
BAWAG	Admiral Sportwetten GmbH	Comfort letter	750	9
UniCredit Vienna	HTM Hotel und Tourismus Management GmbH	Comfort letter	7,418	7,418
UniCredit Vienna	I-NEW Unified Mobile Solutions AG	Guarantee	600	600
Raiffeisenlandesbank OOE	HTM Hotel und Tourismus Management GmbH	Comfort letter	3,000	3,000
Raiffeisenbank Purbach	I-NEW Unified Mobile Solutions AG	Comfort letter	95	42
Raiffeisenlandesbank Burgenland	I-NEW Unified Mobile Solutions AG	Guarantee	1,640	615
Raiffeisenlandesbank NOE-Wien AG	Admiral Sportwetten GmbH	Comfort letter	0	0
Raiffeisenlandesbank OOE	Admiral Casinos & Entertainment AG	Comfort letter	581	581
Erste Group Bank AG	Admiral Casinos & Entertainment AG	Guarantee	2,720	2,720
Raiffeisenlandesbank NOE-Wien AG	Canwast Holding & Consulting GmbH	Loan guarantee	0	0
National Westminster Bank Plc	Astra Games Ltd.	Guarantee	1,807	554
Hypo Bank Burgenland	Admiral Casinos & Entertainment AG	Guarantee	176	176
Hypo Bank Burgenland	I-NEW Unified Mobile Solutions AG	Guarantee	1,800	433
UniCredit Vienna	Crown Gaming S.A.C.	Guarantee	14,572	10,854
Erste Bank AG	Trust Company 3	Guarantee	3,700	3,300
Nord LB	Admiral Sportwetten GmbH, Germany	Guarantee	1,500	1,500
Svenska Handelsbanken AB	Astra Games Ltd.	Guarantee	6,397	0
UniCredit S.p.A., Roma	Adria Gaming Int.S.p.A.	Guarantee	5,000	5,000
Banco Populare Di Milano, Italy	G. Matica	Guarantee	28,000	28,000
Cassa Di Risparmio Di Parma, Italy	G. Matica	Guarantee	8,000	8,000
TOTAL				**72,802**

b) Off-balance sheet transactions

In 2013, a letter of comfort was issued to an Austrian subsidiary.

c) Information regarding the nature of created physical securities

	Number of contribution	Cadastre	Amount in KEUR
Mortgage as security for a loan	3184	Mödling	3,000

F. Other financial obligations

Obligations from current lease contracts comprise:

KEUR	Due within 1 year	Due within 5 years
Obligations from current lease contracts	1,048	5,241
(previous year)	(1,037)	(5,184)

III. Explanations concerning the Profit & Loss Account

1. Breakdown of sales

1.1. Areas of activity

KEUR	Reporting period	Previous year
Income from trademarks and licenses	46,717	43,448
Group charges	0	0
Provision of personnel	3,660	3,646
Income from rental and operating costs	20,308	18,824
	70,685	65,918

1.2. Geographical areas

KEUR	Reporting period	Previous year
Domestic income	61,578	56,933
Income, third countries (non-EU)	9,107	8,985
	70,685	65,918

2. Taxes on income

Taxes only affect results from ordinary activities.

NOVOMATIC AG has taken the opportunity of forming a tax group pursuant to section 9 of the Austrian Corporate Income Tax Act (KStG).

Group members are:

» HTM Hotel- und Tourismus Management GmbH, Austria
» Wett Cafe Betriebsgesellschaft m.b.H., Austria
» ADMIRAL Casinos & Entertainment AG, Austria
» Adria Gaming International S.p.A., Italy
» NOVOMATIC Investment Chile S.A., Chile

In the tax apportionment contract with the domestic tax group members, negative as well as positive tax apportionments within the tax group were stipulated. The profits allocated a given the tax group member to the parent company are, depending on the usability of the losses, to be compensated with 21.5 % or 25 % (tax rate pursuant to section 22 para 1 of the Austrian Corporate Income Tax Act [KStG]) by the tax group member. For the allocated losses there exists a symmetrical agreement, whereas losses that cannot be allocated are to be credited as “internal tax loss carried forward” at 21.5 % of the assessment basis if they are usable.

In case of elimination of a member from the tax group, negative – unused – results of the former group member will be charged with 21.5 % of the assessment basis on the final settlement.

No tax apportionment contracts were concluded with the foreign group members.

In detail, the item taxes on income present themselves as follows:

KEUR	
Corporate income tax expense, 2013	4
Corporate income tax expense, previous years	-294
Corporate income tax expense for deferred taxes	-924
Foreign withholding tax expense	1.189
Expense from tax apportionment “tax group,” previous years	441
Income from tax apportionment “tax group”	-7,100
Total	**-6,684**

IV. Information on Essential Investments

COMPANY, DOMICILE	Share	Book value as of 12/31/12 EUR	Equity EUR	Annual result EUR
Adria Gaming International SpA, Rimini (Italy)	100 %	199,765,000	162,331,751	-34,294,339
ADMIRAL Casinos & Entertainment AG (Austria)	100 %	55,000,000	43,303,317	-5,063,186
Austrian Gaming Industries GmbH, Gumpoldskirchen (Austria)	100 %	164,304,397	640,551,148	199,364,656
HTM Hotel- u. Tourismus Management GmbH, Gumpoldskirchen (Austria)	100 %	1,072,607	46,027,962	18,883,938
Trust Company 10	100 %	170,000	208,220	-3,475,536
NMN Automatentechnik GmbH (Austria)	99 %	2,619,219	2,925,285	144,269
NOVOMATIC Forum GmbH (Austria)	100 %	111,881	69,815	-4,076
NOVOMATIC Investment Chile S.A., Santiago (Chile)	100 %	1,244,879	-4,534,258	-7,893,338
Novo Immobilien GmbH, Bingen/Rhein (Germany)	99.8 %	3,000,000	11,240,114	2,413,461
Norddeutsche Spielbanken GmbH (Germany)	100 %	25,000	23,064	965
NOVOMATIC Americas Holdings Inc., Florida (USA)	100 %	9,619,458	8,877,336	-14,232
Spielbank Berlin G.Jaenecke GmbH & Co.KG (Germany)	92.04 %	13,562,000	10,625,639	774,946
Spielbank Berlin Entertainment GmbH & Co.KG (Germany)	92.50 %	34,001	-3,893,697	382,315
Spielbank Berlin nat.Beteiligungsges mbH & Co.KG (Germany)	100 %	480,002	336,938	-48.956
I-NEW Unified Mobile Solutions AG (Austria)	76.814	12,586,735	-4,535,008	-5,875,798
Novo Lottery Solutions GmbH (Austria)	100 %	2,000,000	1,868,128	-131,872
Novo Lottery Solutions Iceland hf	0.36 %	245.56	13,541,712	-1,781
SIM Spielbanken Investitions- und Management GmbH, Frankfurt (Germany)	100 %	25,619	36,786	1,250
SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & Co.KG, Frankfurt (Germany)	100 %	6,851,026	6,419,925	515,301
Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H. (Austria)	47.5 %	475,000	348,246	-254,868

Statements concerning intra-Group relationships are omitted in accordance with section 241 para 3 of the Austrian Commercial Code.

V. Information on Financial Instruments

On April 12, 2007 an interest rate swap with a nominal value of KEUR 30,000 and a maturity date of April 16, 2014 was concluded. Its present value including interest amounts to negative KEUR 367 as of December 31, 2013.

In order to hedge the interest level, another interest rate swap with a nominal value of KEUR 30,000 and a maturity date of May 7, 2014 was concluded on May 6, 2009. Its present value including interest amounts to negative KEUR 298 as of December 31, 2013.

The market value corresponds to the amount payable or receivable in case of the cancellation of the contract at balance sheet date. Past cash flows (interest payments) are not taken into account. Future cash flows from variable payments as well as discount rates are determined in line with approved financial mathematical methods. The negative market values are recognized under other provisions for onerous contracts.

VI. Mandatory Information Concerning Management Bodies and Employees

1.1. Average number of employees during the business year
Number of employees: 67 (previous year: 67)

1.2. Members of the Board of Directors and the Supervisory Board during the business year

BOARD OF DIRECTORS

- **Dr. Franz WOHLFAHRT,** chairman, CEO
- **DI Ryszard PRESCH,** deputy chairman, COO
- **Mag. Thomas GRAF,** CTO
- **Mag. Peter STEIN,** CFO

SUPERVISORY BOARD

- **Senator Herbert LUGMAYR,** chairman
- **Helmut JELL,** deputy chairman
- **Mag. Dr. Karl POUR,** member
- **Dr. Christian WIDHALM,** member

1.3. Other information
During business year 2013, gross payments in the amount of EUR 5,984,332.53 were made to members of the Board of Directors. No advances, loans or liabilities were granted to members of the Board of Directors. Payments made to members of the Supervisory Board during the business year amount to EUR 238,000.00.

Expenses for severance payments and pensions for the members of the Board of Directors amounted to EUR 1,234,950.00 and EUR 429,762.00, respectively.

The item “expenses for severance payments and contributions to external severance payment funds” includes payments to external severance payment funds amounting to KEUR 91 (previous year: KEUR 83).

1.4. Consolidated financial statements
NOVOMATIC AG is required by law to prepare and disclose subgroup consolidated financial statements according to section 246 para 3 of the Austrian Commercial Code. The subgroup consolidated financial statements of NOVOMATIC AG are included in the consolidated financial statements of Novo Invest GmbH with its registered office in Gumpoldskirchen – as head of the Group – and are filed at the Regional Court of Wiener Neustadt under FN 381832v.

1.5. Audit fees
Fees for the audit of the financial statements and expenses for other services of the auditor are presented in the subgroup consolidated financial statements of NOVOMATIC AG.

VII. Special Information on Shareholding Companies

The share capital of EUR 26,000,000.00 is fully paid up and is divided into 26,000,000 registered no-par value shares. The nominal value per share amounts to EUR 1.00.

Gumpoldskirchen, April 11, 2014

Dr. Franz WOHLFAHRT
Chairman of the Board of Directors

DI Ryszard PRESCH
Deputy Chairman of the Board of Directors

Mag. Peter STEIN
CFO

Mag. Thomas GRAF
CTO

A. FIXED ASSETS

	COSTS					
	Balance as of 1/1/13	Additions	Transfers	Reallocation	Disposals	Balance as of 12/31/13
I. Intangible assets						
1 Concessions, industrial property rights and similar rights and values						
Rights	12,545,112.15	0.00	0.00	0.00	0.00	12,545,112.15
Technical software	83,849,481.20	18,983,936.01	0.00	0.00	0.00	102,833,417.21
Software	841,169.69	1,878.65	0.00	0.00	0.00	843,048.34
Advance payments	0.00	10,370.00	0.00	0.00	0.00	10,370.00
	97,235,763.04	18,996,184.66	0.00	0.00	0.00	116,231,947.70
II. Tangible assets						
1. Land, buildings and improvements to third-party buildings						
Land	4,433,234.68	0.00	0.00	0.00	0.00	4,433,234.68
Buildings – real estate value	38,248,524.20	3,961.29	417,681.18	0.00	631,095.13	38,039,071.54
Buildings – value of building	142,975,865.64	587,566.23	960,540.70	0.00	895,899.51	143,628,073.06
Structural investments in leased property	2,787,419.79	9,220.51	0.00	0.00	0.00	2,796,640.30
Buildings on non-owned land	25,262,790.49	0.00	0.00	0.00	527,397.14	24,735,393.35
	213,707,834.80	600,748.03	1,378,221.88	0.00	2,054,391.78	213,632,412.93
2. Plant and machinery						
Plant and machinery	212,930.38	0.00	0.00	0.00	0.00	212,930.38
Tools and tool costs	21,353.26	0.00	0.00	0.00	0.00	21,353.26
	234,283.64	0.00	0.00	0.00	0.00	234,283.64
3. Fixtures and fittings						
Fixtures and fittings	5,249,798.34	64,699.71	1,300.00	0.00	1,652.89	5,314,145.16
Car pool	896,575.64	139,624.22	0.00	0.00	7,994.01	1,028,205.85
Low-value assets	69,194.43	9,875.33	0.00	0.00	3,440.93	75,628.83
	6,215,568.41	214,199.26	1,300.00	0.00	13,087.83	6,417,979.84
4. Tangible assets under construction						
Tangible assets under construction	2,587,735.75	1,643,269.73	-1,379,521.88	0.00	0.00	2,851,483.60
	2,587,735.75	1,643,269.73	-1,379,521.88	0.00	0.00	2,851,483.60
	222,745,422.60	2,458,217.02	0.00	0.00	2,067,479.61	223,136,160.01
III. Financial assets						
1. Shares in affiliated companies	395,678,757.21	124,352,707.40	3,326,598.78	0.00	47,570.000.00	475,788,063.39
2. Loans to affiliated companies	276,870,047.25	43,652,919.27	0.00	0.00	9,575,940.45	310,947,026.07
3. Investments	3,801,598.78	13,500.000.00	-3,326,598.78	0.00	13,500.000.00	475,000.00
4. Loans to associated companies	755,639.12	15,226.51	0.00	0.00	0.00	770,865.63
5. Securities held as fixed assets	20,478,120.99	22,610,513.17	0.00	17,722,946.49	1,297,989.10	24,067,698.57
6. Other loans	43,291,966.12	4,134,967.48	0.00	0.00	15,777,617.84	31,649,315.76
	740,876,129.47	208,266,333.83	0.00	17,722,946.49	87,721,547.39	843,697,969.42
TOTAL	**1,060,857,315.11**	**229,720,735.51**	**0.00**	**17,722,946.49**	**89,789,027.00**	**1,183,066,077.13**

AMORTIZATION/DEPRECIATION						BOOK VALUES	
Balance as of 1/1/13	Additions	Transfers	Disposals	Write-ups	Balance as of 12/31/13	Balance as of 12/31/12	Balance as of 12/31/13
6,686,926.03	1,426,831.39	0.00	0.00	0.00	8,113,757.42	5,858,186.12	4,431,354.73
55,983,052.32	14,412,881.27	0.00	0.00	0.00	70,395,933.59	27,866,428.88	32,437,483.62
570,779.06	105,819.85	0.00	0.00	0.00	676,598.91	270,390.63	166,449.43
0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,370.00
63,240,757.41	15,945,532.51	0.00	0.00	0.00	79,186,289.92	33,995,005.63	37,045,657.78
0,30	0.00	0.00	0.00	0.00	0.30	4,433,234.38	4,433,234.38
2,294,251.36	575,122.26	0.00	46,040.11	0.00	2,823,333.51	35,954,272.84	35,215,738.03
25,183,273.81	5,311,843.06	0.00	402,129.77	0.00	30,092,987.10	117,792,591.83	113,535,085.96
2,573,965.91	61,267.07	0.00	0.00	0.00	2,635,232.98	213,453.88	161,407.32
6,841,689.76	1,035,225.10	0.00	168,767.10	0.00	7,708,147.76	18,421,100.73	17,027,245.59
36,893,181.14	6,983,457.49	0.00	616,936.98	0.00	43,259,701.65	176,814,653.66	170,372,711.28
77,692.67	13,204.08	0.00	0.00	0.00	90,896.75	135,237.71	122,033.63
21,353.26	0.00	0.00	0.00	0.00	21,353.26	0.00	0.00
99,045.93	13,204.08	0.00	0.00	0.00	112,250.01	135,237.71	122,033.63
3,687,653.27	381,806.63	0.00	1,631.08	0.00	4,067,828.82	1,562,145.07	1,246,316.34
445,199.31	63,933.33	0.00	7,994.01	0.00	501,138.63	451,376.33	527,067.22
37,402.50	15,636.88	0.00	3,440.93	0.00	49,598.45	31,791.93	26,030.38
4,170,255.08	461,376.84	0.00	13,066.02	0.00	4,618,565.90	2,045,313.33	1,799,413.94
0.00	0.00	0.00	0.00	0.00	0.00	2,587,735.75	2,851,483.60
0.00	0.00	0.00	0.00	0.00	0.00	2,587,735.75	2,851,483.60
41,162,482.15	7,458,038.41	0.00	630,003.00	0.00	47,990,517.56	181,582,940.45	175,145,642.45
1,667,141.34	1,585,860.51	62,991.78	0.00	0.00	3,315,993.63	394,011,615.87	472,472,069.76
0.00	1,600.000.00	0.00	0.00	0.00	1,600.000.00	276,870,047.25	309,347,026.07
62,991.78	0.00	-62,991.78	0.00	0.00	0.00	3,738,607.00	475,000.00
0.00	0.00	0.00	0.00	0.00	0.00	755,639.12	770,865.63
2,554,138.58	4,859,816.02	0.00	192,500.70	284,774.35	6,936,679.55	17,923,982.41	17,131,019.02
1,727,956.63	10,229,139.57	0.00	494,014.23	1,261,490.53	10,201,591.44	41,564,009.49	21,447,724.32
6,012,228.33	18,274,816.10	0.00	686,514.93	1,546,264.88	22,054,264.62	734,863,901.14	821,643,704.80
110,415,467.89	**41,678,387.02**	**0.00**	**1,316,517.93**	**1,546,264.88**	**149,231,072.10**	**950,441,847.22**	**1,033,835,005.03**

Development of Untaxed Reserves as of 12/31/2013

EUR

Valuation reserve from special depreciation allowances	Balance as of 1/1/13	Consumption	Disposals	Allocation	Balance as of 12/31/13
Valuation reserve according to § 12 of the Austrian Income Tax Law	117,788.51	0.00	5,755.40	0.00	112,033.11
Valuation reserve for inferior assets according to § 13 of the Austrian Income Tax Law	31,791.93	0.00	15,636.88	9,875.33	26,030.38
Total	**149,580.44**	**0.00**	**21,392.28**	**9,875.33**	**138,063.49**

Provisions as of 12/31/2013

EUR

1. Provisions for severance payments	Balance as of 1/1/13	Consumption	Release	Allocation	Balance as of 12/31/13
Provisions for severance payments	8,076,423.00	0.00	0.00	1,255,842.00	9,332,265.00
2. Provisions for pensions					
Provisions for pensions	2,897,300.00	0.00	0.00	429,762.00	3,327,062.00
3. Provisions for taxes					
Provision for corporate income tax	6,604.52	6,604.52	0.00	2,383,142.96	2,383,142.96
4. Other provisions					
Provision for auditing and consulting fees	398,575.13	371,118.13	307.00	336,289.61	363,439.61
Provision for unconsumed vacation	665,212.79	665,212.79	0.00	950,609.18	950,609.18
Other provisions for personnel	5,500,000.00	4,616,314.14	883,685.86	1,640,000.00	1,640,000.00
Provision for jubilee payments	103,335.00	0.00	0.00	23,685.00	127,020.00
Other provisions	5,592,979.79	473,102.17	2,156,517.51	80,568.00	3,043,928.11
	12,260,102.71	6,125,747.23	3,040,510.37	3,031,151.79	6,124,996.90
Total	**23,240,430.23**	**6,132,351.75**	**3,040,510.37**	**7,099,898.75**	**21,167,466.86**

NOVOMATIC AG

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of NOVOMATIC AG, Gumpoldskirchen, for the fiscal year from January 1, 2013 to December 31, 2013. These financial statements comprise the balance sheet as of December 31, 2013, the income statement for the fiscal year ended December 31, 2013, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of NOVOMATIC AG as of December 31, 2013 and of its financial performance for the fiscal year from January 1, 2013 to December 31, 2013 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to section 243a para 2 of the Austrian Commercial Code are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to section 243a para 2 of the Austrian Commercial Code are appropriate.

Vienna, April 11, 2014
Deloitte Audit Wirtschaftsprüfungs GmbH,

Dr. Christoph WALDECK	**ppa. Mag. Barbara MÜLLNER**
Certified Public Accountant	*Certified Public Accountant*

This English translation of the audit report was prepared for the client's convenience only. It is not a legally binding translation of the German audit report. The financial statements and our auditor's report may be published or transmitted together only if the financial statements and the management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.

NOVOMATIC AG

REPORT OF THE SUPERVISORY BOARD

for the fiscal year 2013

In its five meetings held during the course of financial year 2013, the Supervisory Board was regularly informed by the Board of Directors on the business policy and dealt thoroughly with business developments and the position of the company. In addition, the Audit Committee heard reports from the Board of Directors and the auditor during the two meetings.

The annual financial statements of December 31, 2013 and the Management Report of the Board of Directors, to the extent that it explains the annual financial statements, have been examined with regard to accounting by Deloitte Audit Wirtschaftsprüfungs GmbH, which was appointed as auditor by the Annual General Meeting and has been charged with providing an unqualified audit opinion.

The examination of the annual financial statements by the Supervisory Board did not give rise to any objections. The Supervisory Board agrees with the proposal of the Board of Directors regarding the use of the net profits from 2013.

The annual financial statements drawn up by the Board of Directors were approved by the Supervisory Board and hence adopted in accordance with the Aktiengesetz (AktG – Austrian Stock Corporation Act).

The Supervisory Board acknowledges and thanks the Board of Directors and all employees of NOVOMATIC AG's companies for their work during the financial year of 2013.

Gumpoldskirchen, April 2014

The Supervisory Board

Senator Herbert LUGMAYR
Chairman

SPACE FOR NOTES

SPACE FOR NOTES

IMPRINT

Owner, editor and publisher
NOVOMATIC AG, Wiener Straße 158
2352 Gumpoldskirchen, Tel. +43/2252-606-0
Commercial register number: FN 69548b
www.novomatic.com

Editorial department: Dr. Hannes REICHMANN; Mag. Alexandra NAGL, Dr. Monika POECKH-RACEK (CSR)
Design: CIDCOM Werbeagentur GmbH
Photos: Krischanz & Zeiler OG, Jürgen KNOTH, Nenad DJEDOVIC
Print: AV + Astoria Druckzentrum GmbH

NOVOMATIC AG

www.novomatic.com