

NOVOMATIC

Interim Financial Report 30.06.2013

Overview of Key Figures

Million EUR *	01 - 06/2013	01 - 06/2012	Change	
			million	%
Revenues *	817.8	743.7	+74.1	+10.0%
EBITDA *	261.2	283.9	-22.8	-8.0%
Operating profit (EBIT) *	133.4	170.8	-37.4	-21.9%
Profit after taxes *	66.8	111.9	-45.1	-40.3%
EBITDA margin (EBITDA / revenues)	31.9%	38.2%		
Free Cash flow *	11.6	63.1	-51.5	-81.6%

Million EUR *	30.06.2013	31.12.2012	Change	
			million	%
Balance sheet total *	2,381.5	2,223.3	+158.2	+7.1%
Equity *	972.7	967.3	+5.4	+0.6%
Equity ratio (equity / balance sheet total)	40.8%	43.5%		
Number of employees (average)	14,654	13,352		+9.8%

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Consolidated Management Report

Purpose of the Business

NOVOMATIC AG is the holding company of a globally operating, integrated gaming group that is established as an internationally leading developer and producer of innovative gaming equipment and an operator of more than 1,100 gaming facilities globally with focus on continuous, controlled, sustainable and responsible growth.

Alongside the development of high-tech gaming equipment and the operation of casinos, automated casinos and sports betting outlets, the NOVOMATIC AG Group has also established itself as a content provider for licensed online and offline providers in regulated gaming markets. The NOVOMATIC AG Group is Europe's leading integrated gaming group.

General Economic Situation

In a recently published analysis, the International Monetary Fund (IMF) lowered its forecast regarding worldwide economic growth for 2013. Instead of the 3.3 percent which had been expected in April 2013, the new forecast now assumes a growth rate of 3.1 percent.

According to the information provided by the IMF, the US economy should grow by 1.7 percent in 2013, with the main support for the US economy coming from private-sector demand due to the stimulus measures implemented by the Federal Reserve.

While the group of emerging market countries Brazil, Russia, India, China and South Africa (BRICS) should post a total growth of 5 percent for 2013, thus making the largest contribution to the global growth dynamic, a clear deceleration of the upward trend is also becoming evident in these markets. Apart from the weak foreign demand by the large developed nations, lower commodities prices and the Chinese growth model, which has a strong bias towards investments and exports and is currently reaching its limits, have led to a lower growth forecast for these countries.

According to the IMF forecast, the 2013 recession in the euro zone will be more pronounced than is currently expected, resulting in a decrease in economic performance by 0.6 percent. The reasons for the negative development mentioned by the report include weak consumer demand due to the continued high unemployment, as well as a more difficult financing environment for companies, as banks are implementing more restrictive lending policies.

In Austria, the export and investment dynamics remain subdued for this year due to the weak international environment. A moderate increase in real income as well as increasing savings among private households continue to dampen consumer demand. The real GDP will therefore grow by a mere 0.4 percent in 2013.

These difficult economic conditions have characterized the market environment of the NOVOMATIC AG Group during the first half of 2013. Thanks to synergies resulting from the dual strategy as well as from the regional diversification of the NOVOMATIC AG Group, it was possible to limit the effects of the crisis on turnover and profit.

Financial Performance Indicators

Earnings position

In the first half of 2013, the NOVOMATIC AG Group's sales revenue was EUR 817.8 million, compared to EUR 743.7 million in the same period in 2012. The increase in revenues was mainly due to the acquisitions in Great Britain (Bell-Fruit Games Ltd. and Games Tec Leisure Ltd.), as well as the expansion in Italy.

The total of the remaining income items came in clearly below the previous year's level. This was mainly due to the extremely disadvantageous exchange rate effects related to the Latin-American activities on the one hand, and a significant drop in capitalized own work, accompanied by a merely slight decline in material expenditures, on the other.

The NOVOMATIC AG Group's personnel expenses for the first half of 2013 amounted to EUR 207.3 million, compared to EUR 166.3 million in the same period 2012. The increase is mainly due to the expansion course in Italy and Great Britain.

The other operating expenses (including gaming taxes) increased to EUR 340.2 million, thereby rising by 14 percent over the previous year's level. The increases are mainly related to the expansion of business activities and are in large parts the result of items such as rental, lease and operating expenses.

Earnings before interest, taxes, and depreciations and amortizations (EBITDA) for the first half of 2013 came in at EUR 261.2 million, which is below the result achieved in the first half of 2012. The operating profit declined from the previous year's level by EUR 37.4 million to EUR 133.4 million. This deviation was largely the result of increased depreciations and amortizations due to the recently completed acquisitions.

The financial expenses increased during the reporting period due to the impairment of an investment and a related loan. Because of these factors, the earnings from ordinary business activities declined to EUR 98.1 million.

After taking income tax amounting to EUR 31.3 million into consideration, the Group was able to record a profit for the period of EUR 66.8 million for the first half of 2013, compared to EUR 111.9 million for the previous year.

Cash Flow

Across the Group, in the first half of 2013, cash flow from operating activities recorded a decrease to EUR 173.8 million in comparison to EUR 206.0 million in the previous year. This deviation was due to the lower operating result.

Cash flow from investment activities in the first six months of the current year was EUR -162.2 million in comparison to EUR -143.0 million in the previous year.

Cash flow from financing activities amounted to EUR 30.6 million for the reporting period. This item includes the bond (issuance volume of EUR 250 million) issued by NOVOMATIC AG in January 2013.

The free cash flow, which amounted to EUR 63.1 million in the same period of the previous year, declined to EUR 11.6 million in the first half of 2013.

Segment Analysis

Gaming Technology

The Gaming Technology segment includes the sale and rental of gaming machines, as well as the sales channel "Online", as far as it refers to the B2B sector.

During the reporting period, the external revenues in the Gaming Technology segment amounted to EUR 356.0 million. This represents an increase by EUR 32.6 million over the previous year. This positive deviation is mainly due to the acquisition of the assets of the British companies Gamestec Leisure Ltd. and Bell-Fruit Games Ltd., which was completed during the second half of 2012.

In the core market Germany, the number of rented gaming machines declined slightly due to the regulatory changes. It can be expected that in the future the number of rented gaming machines in Germany will continue to decrease. Due to higher machine utilization rates, the impact on revenues and income should, however, be offset to a certain degree.

The number of gaming machines rented in Italy was again increased significantly during the first half of 2013. This increase was mainly due to the acquisition of an 80 percent interest in the So.Ge. Slot S.p.A. group, as well as an increase in the interest in Vilo Entertainment S.r.l. to 50 percent. Both groups of companies are specialized on the rental of gaming machines.

Due to the further increase of gaming-related taxes as of January 2013, however, the gaming revenues in Italy came in noticeably lower.

Gaming Operations

The Gaming Operations segment includes the areas of "Gaming Operations" and "Betting", as well as the sales channel "Online", as far as it refers to the B2C sector.

The external revenues in the Gaming Operations segment amounted to EUR 459.5 million in the year under review, representing a significant increase in comparison to the previous year (EUR 420.3 million). During the first half of 2013, the expansion of gaming operations was continued. As of 30 June 2013, the number of locations operated by the NOVOMATIC AG Group had been increased to more than 1,100. Apart from investments in the core market Italy, the acquisition of the JVH Group marked the successful entry into the Dutch gaming market.

Due to the acquisition of Admiral Play GmbH (October 2012), the German gaming operations were able to achieve a considerable increase in revenues over the same period in the previous year.

The gaming operations in Peru also recorded a positive development and were able to increase their revenues significantly.

During the first half of 2013, the area of online gaming continued its encouraging development, and the acquisition of Cervo Media GmbH, a company which develops and sells gaming apps for smartphones, had an important impact on the current dynamics.

Non-financial Performance Indicators - Employee Issues

As of 30 June 2013, 14,955 individuals were employed by the NOVOMATIC AG Group. Compared to the end of the year 2012, this corresponds to an increase in the number of employees by 1,098. This rise is mainly due to the expansion in current and new markets.

The composition of employees is balanced and includes a high number of women and a large number of individuals of different nationalities. All age groups are well represented.

Significant Events after the End of the Interim Reporting Period

Following the example of the federal states of Lower Austria, Upper Austria and Carinthia, Burgenland in August of 2013 also decided to issue licenses in accordance with the new tendering regulations incorporated in the amended Austrian Gaming Act. ADMIRAL Casinos & Entertainment AG, a wholly-owned subsidiary of NOVOMATIC AG, will receive a license for the operation of 110 gaming machines in Burgenland.

Furthermore, the independent administrative panel (Unabhängiger Verwaltungssenat, UVS) in Upper Austria has rejected the appeals against the three gaming licenses granted during the previous year. With this, ADMIRAL Casinos & Entertainment AG can now start rolling out its gaming machines in Upper Austria.

Significant Risks and Uncertainties

Economic Risks

The NOVOMATIC AG Group is subject to the risk of macroeconomic shocks (such as the global economic crisis of 2008/2009), with possible consequences such as declining economic growth, increasing unemployment, decreasing disposable income and similar developments.

Legislative and other Legal Risks

Legislative risks can arise from the dependence on and changes to laws, directives and regulations, particularly in the area of licensing and the awarding of concessions for the operation of gaming facilities as well as in the areas of production, sales and distribution and product licenses, or from changes to tax regulations related to operations.

Additional risks exist as a result of the tightening of laws in the areas of product liability, consumer and player protection, non-smoker protection laws and money laundering prevention laws, such as, for example, a potential expansion of obligatory requirements for player registration, etc.

Changes which have already been adopted, in particular in connection with the German State Treaty on Gaming, the Austrian Gaming Act, changes in administrative practices or even a possible additional prohibition of gaming machines, including in parts of Austria, such as any prohibition of state-regulated machine gaming in Vienna or in other jurisdictions, in which the NOVOMATIC AG Group is active, also have a sustained impact on the NOVOMATIC AG Group's business activities.

There are also potential legal risks with regard to lawsuits related to pathological gaming or players, and in particular resulting from pending material legal proceedings related to an affiliated concessionary company in Italy.

Changes in Customer Behavior

Diverse recreation and entertainment options entail constantly changing customer behavior. As a result, product adaptations and constant new innovations are required to assert the company's market position in the target markets. It cannot be ruled out that customer or consumer desires may not be recognized at all or only when it is too late.

Technology Risk

The NOVOMATIC AG Group operates in a highly technology-dependent market in which new technologies are developed or used within short innovation cycles. It cannot be ruled out that innovative technologies and developments may fail to be developed or made usable fast enough. The NOVOMATIC AG Group is also subject to the risk of imitation and software piracy and the risk of illegal intervention in the gaming systems and software by third parties.

Operating Risks

The risks of business interruption and financial losses are covered by an insurance policy.

Consolidated Interim Financial Statements

Consolidated Income Statement

Million EUR	01 - 06/2013	01 - 06/2012
Revenues	817.8	743.7
Changes in inventories of finished goods and work in progress	16.5	23.0
Own work capitalized	60.9	81.1
Other operating income	35.1	32.1
Cost of material and other purchased services	-121.6	-131.5
Personnel costs	-207.3	-166.3
Amortization and impairment of intangible assets, property, plant and equipment and investment property	-127.7	-113.1
Gaming taxes and betting fees	-69.8	-66.5
Other operating expenses	-270.4	-231.6 ¹⁾
Operating profit	133.4	170.8
Share of profit/loss of associated companies	0.4	0.1
Financial income	8.3	8.0
Financial expenses	-44.0	-19.4
Financial result	-35.3	-11.2
Earnings before taxes	98.1	159.6
Income taxes	-31.3	-47.7
Profit from continuing operations	66.8	111.9
Result from discontinued operations	0.0	0.0¹⁾
Profit after taxes	66.8	111.9
thereof attributable to non-controlling interests	-2.7	1.1
thereof attributable to shareholders of the parent (net profit)	69.5	110.7

¹⁾ Retrospective adjustment of presentation in operating result

Consolidated Statement of Comprehensive Income

Million EUR	01 - 06/2013	01 - 06/2012
Profit after taxes	66.8	111.9
Items that can be subsequently reclassified to the income statement		
Currency translation	-4.9	2.2
Revaluation of assets available for sale	-6.0	0.0
Other comprehensive income after taxes	-10.9	2.2
Total comprehensive income	55.9	114.0
thereof attributable to non-controlling interests	-3.7	1.7
thereof attributable to shareholders of the parent	59.6	112.3

Consolidated Balance Sheet

Million EUR	30.06.2013	31.12.2012
ASSETS		
Non-current assets		
Intangible assets	322.9	272.1
Property, plant and equipment	824.0	814.2
Investment property	26.3	27.0
Investments in associated companies	88.1	95.3
Non-current financial assets	41.3	33.8
Deferred tax assets	60.0	39.4 ²⁾
Other non-current assets	158.1	150.3
	1,520.6	1,432.1
Current assets		
Inventories	165.4	141.4
Trade and other receivables	233.7	239.0
Current tax receivables	22.0	24.1
Current financial assets	23.6	19.4
Cash and cash equivalents	416.1	367.2
Assets held for sale	0.0	0.0
	860.9	791.2
Total ASSETS	2,381.5	2,223.3
EQUITY AND LIABILITIES		
Equity		
Share capital	26.0	26.0
Capital reserve	1.0	1.0
Retained earnings	942.9	926.5 ²⁾
Revaluation reserve	-0.7	5.3
Currency translation adjustment	-31.2	-27.3
	938.0	931.4
Non-controlling interests	34.7	35.8
	972.7	967.3
Non-current liabilities		
Non-current financial liabilities	865.5	755.9
Non-current provisions	48.3	44.5 ²⁾
Non-current tax liabilities	14.5	13.9
Deferred tax liabilities	46.8	37.3 ²⁾
Other non-current liabilities	9.6	8.4
	984.7	860.0
Current liabilities		
Current financial liabilities	79.8	75.3
Current provisions	61.3	61.3
Current tax liabilities	41.2	36.0
Trade payables and other liabilities	241.8	223.4
	424.1	396.0
Total EQUITY AND LIABILITIES	2,381.5	2,223.3

²⁾ Adjustments according to IAS 19 revised "Employee Benefits"

Consolidated Cash Flow Statement

Million EUR	01 - 06/2013	01 - 06/2012
Operating profit	133.4	170.8
Loss (+) / Gain (-) from the disposal of fixed assets	0.3	0.1
Depreciation (+) / Appreciation (-) of fixed assets	127.5	112.8
Recognized capital consolidation	-0.9	0.0
Other expenses/income	-10.9	0.4
Interest received and interest related income	6.1	7.7
Taxes paid	-41.6	-46.9
	213.9	244.9
Increase (-) / Decrease (+) in inventories	-22.5	-6.2
Increase (-) / Decrease (+) in receivables	-4.9	-41.0
Increase (-) / Decrease (+) in provisions	0.2	-1.6
Increase (-) / Decrease (+) in liabilities	-12.9	10.0
Cash flow from operating activities	173.8	206.0
Proceeds from the disposal of fixed assets (excluding financial assets)	6.3	16.1
Proceeds from the disposal/repayment of financial assets	2.3	1.2
Proceeds from the disposal of consolidated companies, net of cash	13.6	-9.8
Acquisition of intangible assets, property, plant and equipment	-113.0	-126.7
Acquisition of financial assets and other financial investments	-29.3	-24.3
Acquisition of consolidated companies, net of cash	-42.1	0.0
Net proceeds from associated companies and investments	0.0	0.4
Cash flow from investing activities	-162.2	-143.0
Dividend payments	-51.8	-26.1
Payments from non-controlling interests	0.0	0.0
Proceeds from change in interests in subsidiaries (without loss of control)	0.0	0.0
Expenditures for change in interests in subsidiaries (without change of control)	-3.1	-0.3
Expenditures from bank loans and financial liabilities	-139.8	-11.8
Proceeds from issuance of bonds/Repayments	245.1	0.0
Interest paid and interest related expenses	-19.8	-19.5
Cash flow from financing activities	30.6	-57.7
Net change in cash and cash equivalents	42.2	5.4
Currency translation adjustments	4.7	2.2
Changes in scope of consolidation	1.9	0.0
Net change in cash and cash equivalents	48.9	7.6
Cash and cash equivalents at the beginning of the period	367.2	512.2
Cash and cash equivalents at the end of the period	416.1	519.7
Net change in cash and cash equivalents	48.9	7.6

Consolidated Statement of Changes in Equity

Million EUR	Shares of shareholders of NOVOMATIC AG					Non-controlling interests	Equity	
	Share capital	Capital reserve	Retained earnings	Revaluation reserves	Currency translation adjustment			
						Total		
Balance on 01.01.2013	26.0	1.0	933.5	5.3	−27.3	938.4	35.8	974.3
Retrospective adjustments	0.0	0.0	−7.0	0.0	0.0	−7.0	0.0	−7.0
Balance on 01.01.2013 adjusted	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	69.5	0.0	0.0	69.5	−2.7	66.8
Other comprehensive income	0.0	0.0	0.0	−6.0	−3.9	−9.9	−1.0	−10.9
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	−2.5	0.0	0.0	−2.5	−0.6	−3.1
4) Changes in the scope of consolidation	0.0	0.0	−0.4	0.0	0.0	−0.4	6.9	6.5
5) Purchase option for acquisition of non-controlling interests	0.0	0.0	−2.1	0.0	0.0	−2.1	0.0	−2.1
Balance on 30.06.2013	26.0	1.0	942.9	−0.7	−31.2	938.0	34.7	972.7

Million EUR	Shares of shareholders of NOVOMATIC AG					Non-controlling interests	Equity	
	Share capital	Capital reserve	Retained earnings	Revaluation reserves	Currency translation adjustment			
						Total		
Balance on 01.01.2012	26.0	1.0	790.9	−2.2	−25.5	790.2	51.4	841.5
Retrospective adjustments	0.0	0.0	−1.1	0.0	0.0	−1.1	0.0	−1.1
Balance on 01.01.2012 adjusted	26.0	1.0	789.8	−2.2	−25.5	789.1	51.4	840.5
1) Total comprehensive income								
Profit after taxes	0.0	0.0	110.7	0.0	0.0	110.7	1.1	111.9
Other comprehensive income	0.0	0.0	0.0	0.0	1.5	1.5	0.6	2.2
2) Dividend payments	0.0	0.0	−50.0	0.0	0.0	−50.0	−1.1	−51.1
3) Change in non-controlling interests	0.0	0.0	0.3	0.0	0.0	0.3	−0.6	−0.2
4) Changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5) Purchase option for acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance on 30.06.2012	26.0	1.0	850.9	−2.2	−24.0	851.7	51.5	903.2

Notes to the consolidated financial statements

Accounting Principles

The present consolidated interim financial statements of NOVOMATIC AG and its subsidiaries as of 30 June 2013 was compiled in accordance with IAS 34 "Interim Financial Reporting". The accounting and measurement methods used are consistent with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU.

The accounting methods used in compiling the consolidated interim financial statement are the same as those used in compiling the consolidated financial statement dated 31 December 2012, except for effects of applying the new and revised standards. For more detailed information on the accounting and measurement methods used, please refer to NOVOMATIC AG's consolidated financial statement as of 31 December 2012.

The consolidated interim financial statements are compiled in Euros (EUR). All amounts are, if not stated otherwise, shown in million Euros (million EUR).

Application of New and Amended Accounting Standards and Interpretations

With effect of 1 January 2013 following new standards are applied by NOVOMATIC AG Group:

- Amendment of IAS 1 "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income"
- Amendment of IAS 19 „Employee Benefits“
- Amendment of IFRS 7 „Financial Instruments: Offsetting Financial Assets and Financial Liabilities“
- IFRS 13 „Fair Value Measurement“

The revised IAS 19 includes changes to the accounting and measurement of employee benefits as well as additional notes. The changes include in particular the abolition of the corridor method accompanied by the obligation to recognize actuarial gains and losses in the other comprehensive income. According to the new regulation an immediate recognition of past service costs in profit or loss is provided. The application of the revised IAS 19 resulted in the adjustment of provisions for severance and pension payments including deferred taxes. The comparative figures were amended according to IAS 8 retrospectively.

The retrospective adjustment had following impacts on the consolidated balance sheet:

Million EUR	Impact 30.06.2013	Adaptation 31.12.2012	Adaptation 01.01.2012
Non-current assets			
Deferred tax assets	0.4	0.4	-0.3
Equity			
Retained earnings	-7.0	-7.0	-1.1
Non-current liabilities			
Non-current provisions	9.4	9.4	1.4
Deferred tax liabilities	-2.0	-2.0	-0.6

IFRS 13 comprises rules for fair value measurement and extends required notes.

Scope of Consolidation

The following companies were included in the consolidation scope of the interim financial statement for the first time:

- Novo Gaming Ghana Ltd., Ghana (75%)
- Cervo Media GmbH, Austria (100%)
- FMA s.r.o., Slovakia (70%)
- SoWhat! s.r.o., Slovakia (70%)
- CRYdata N.V., Curacao (100%)
- Novo Gaming Netherlands B.V., Netherlands (100%)
- JVH Exploitatie B.V., Netherlands (100%)
- JVH Gaming Products B.V., Netherlands (100%)
- JVH Gaming Products GmbH, Germany (100%)
- I-NEW Unified Mobile Solutions AG, Austria (50.097%)
- I-NEW Chile SpA., Chile (100%)
- I-NEW Hungary Kft, Hungary (100%)
- I-NEW Colombia S.A.S., Colombia (100%)
- So.Ge.Slot S.p.A., Italy (80%)
- Ascoli Games S.r.l., Italy (100%)
- Centromatic S.r.l., Italy (100%)
- Maestri Games S.r.l., Italy (100%)
- G.N.E. Videogiochi S.r.l., Italy (100%)
- Vignolgiochi S.r.l., Italy (100%)
- Trend S.r.l., Italy (100%)
- Vilo Entertainment S.r.l., Italy (50%)
- Vilo Ancona S.r.l., Italy (70%)
- Vilo Sicilia S.r.l., Italy (70%)

As a result, the scope of consolidation developed as follows:

Scope of consolidation	fully-consolidated	valued at equity
Balance on 31.12.2012	129	6
First time inclusion in the first half of 2013	22	0
Disposed of in the first half of 2013	-1	0
Merged in the first half of 2013	-1	0
Switched from at-equity valuation to fully consolidated in the first half of 2013	1	-1
Balance on 30.06.2013	150	5
thereof non-Austrian companies	129	3

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.

Acquisitions

Italy

To enhance business operations in Italy the Group purchased 80 percent of the shares in the company So.Ge.Slot S.p.A. with effect as of 10 January 2013. At acquisition date So.Ge.Slot S.p.A. held 100 percent of the shares in each of the Italian companies 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. as well as Vignolgiochi S.r.l. The business activity of the acquired companies comprises the rental of AWP's and VLTs to smaller units and operators of gaming halls.

Furthermore, the market presence in Italy was extended by increasing the existing shares of Vilo Entertainment S.r.l. With the acquisition of an additional 17.5 percent of shares on 25 January 2013 the share ownership increased to 50 percent. With a related party as co-partner the Group is able to control this company. Consequently, the previously at-equity valued Vilo Entertainment S.r.l. - together with its 70 percent subsidiaries Vilo Ancona S.r.l. and Vilo Sicilia S.r.l. - is now fully consolidated.

Austria

As of 1 February 2013, 100 percent of the shares of Cervo Media GmbH, an Austrian company in the field of mobile gaming, were purchased.

As of 14 June 2013, 50.097 percent of the shares of the Austrian company I-New Unified Mobile Solutions AG, a platform provider and enabler for virtual mobile phone and data network providers, were purchased. At acquisition date, I-NEW Unified Mobile Solutions AG already held 100 percent of the shares of the two distribution companies I-NEW Chile SpA. (Chile) and I-NEW Colombia S.A.S. (Colombia) as well as 100 percent shares of I-NEW Hungary Kft (Hungary) acting as a Call-Center. The acquisition aims to diversify the NOVOMATIC AG Group towards mobile virtual network operation and to develop strategic distribution potentials towards mobile gaming.

Slovakia

On 6 May 2013, 70 percent of the shares of the Slovakian companies SoWhat! s.r.o with its 100 percent subsidiary CRYdata N.V. (Curacao) and FMA s.r.o. were purchased. These companies act in the field of software development for online gaming. For the remaining 30 percent of shares call and put options were agreed, which are shown as liability in the consolidated financial report.

Netherlands

The newly founded Novo Gaming Netherlands B.V. (Netherlands) acquired 100 percent of the shares of the two Dutch companies JVH Exploitatie B.V., an operator of slot machines with emphasis on small operations in gastronomy, and JVH Gaming Products B.V., a developer and producer of AWP products. Its 100 percent subsidiary JVH Gaming Products GmbH acts as a distribution company in Germany. The acquisition serves to develop the market presence in the Netherlands.

The preliminary fair values at the acquisition dates are as follows:

Million EUR	Fair value
Intangible assets	38.7
Property, plant and equipment	20.1
Other non-current assets	4.3
Deferred tax assets	2.8
Inventories	3.3
Cash and cash equivalents	13.0
Other current assets	14.5
Non-current liabilities and provisions	–12.7
Deferred tax liabilities	–10.4
Current liabilities and provisions	–26.3
Net assets	47.1
Non-controlling interests	–7.0
Goodwill	28.1
Received surplus affecting income	–0.9
Consideration	67.3

The non-controlling interests were valued at their respective portions in the identifiable net assets at the acquisition dates.

The resulting goodwills from acquisitions reflect the expected strategic advantages for the Group through the expansion of operating activities in the respective market. The tax deductability of goodwills is not given.

The consideration of EUR 67.3 million consists of a purchase price of EUR 57.5 million to be paid in cash (thereof EUR 54.9 million already paid), a contingent purchase price of EUR 5.0 million depending on the development of underlying results of future periods as well as the value of EUR 4.7 million of the existing equity investment.

The net profit since the acquisition dates amounts to EUR 1.8 million.

Financial Instruments

NOVOMATIC AG uses following hierarchy to assign financial instruments measured at fair value to a valuation method:

Level 1: Valuation based on quoted (unadjusted) prices in active markets for financial instruments.

Level 2: Valuation based on market prices for similar instruments or by using valuation models which are solely based on valuation parameters that can be observed in the market.

Level 3: Valuation based on parameters that have significant influence on the recorded fair value and are not based on observable market data.

The table below shows the classification of financial instruments measured at fair value to the three levels of the fair value hierarchy:

Million EUR	30.06.2013	31.12.2012	Level
Financial assets			
Securities	43.5	35.0	1
Financial liabilities			
Derivative instruments	2.5	3.3	2

The book values of financial assets correspond to their fair values; except for investments in subsidiaries not consolidated and other investments measured at acquisition cost, for which fair values cannot be estimated properly.

In the reporting period NOVOMATIC AG issued a bond with a volume of EUR 250 million, an interest rate of 4 percent p.a. and a duration until 28 January 2019 (payment at maturity).

For all bonds, carried at amortized cost of EUR 593.7 million (previous year: EUR 348.6 million), the fair value derived from market prices amounts to EUR 618.2 million (previous year: EUR 360.3 million). The bank liabilities are carried at amortized cost in amount of EUR 340.5 million (previous year: EUR 470.5 million), the estimated fair value of these liabilities is EUR 345.5 million (previous year: EUR 475.5 million). The book values of the remaining financial liabilities in general correspond to their fair values, because these liabilities mainly have short maturities.

Segment Reporting

01 - 06/2013				
Million EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	356.0	459.5	2.3	817.8
Intra-segment revenues	46.6	3.7	-50.4	0.0
Total revenues	402.6	463.2	-48.0	817.8
Depreciation / amortization	-85.0	-41.2	-1.6	-127.7
Segment result (EBIT)	84.3	57.5	-8.3	133.4
Financial result				-35.3
Earnings before taxes				98.1
Income taxes				-31.3
Profit from continuing operations				66.8
Discontinued operations				0.0
Profit after taxes				66.8

01 - 06/2012				
Million EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	323.3	420.3	0.0	743.7
Intra-segment revenues	42.0	1.7	-43.7	0.0
Total revenues	365.3	422.0	-43.6	743.7
Depreciation / amortization	-79.7	-32.1	-1.3	-113.1
Segment result (EBIT)	122.8	46.2	1.8	170.8³⁾
Financial result				-11.2
Earnings before taxes				159.6
Income taxes				-47.7
Profit from continuing operations				111.9
Discontinued operations				0.0 ³⁾
Profit after taxes				111.9

³⁾ Retrospective adjustment of presentation in operating result

There were no significant changes in the total asset values in the segments.

Other Information

Related party transactions

There were no significant changes regarding transactions from the delivery of goods, services, rental fees as well as research and development services with related companies and persons.

Seasonality of the business

The business performance of the NOVOMATIC AG Group is not characterized by any significant seasonal fluctuations.

Contingent liabilities

There have been no significant changes to the contingent liabilities since the last balance sheet date.

Dividends

The General Meeting on 22 April 2013 agreed the payment of a dividend totalling EUR 48.0 million to the shareholders. The payment of the agreed dividends was made in April 2013.

Compulsory statement on the review by an auditor

The interim financial statements 2013 were not subject to neither a complete audit nor a review by an auditor.

Subsequent events after the Interim Reporting Period

NOVOMATIC AG fully paid back borrower's note loans in the amount of EUR 48.5 million on 10 July 2013 as stipulated in the contract.

The Austrian group company ADMIRAL Casinos & Entertainment AG obtained a concession to operate slot machines in Burgenland.

Furthermore, the independent administrative panel (Unabhängiger Verwaltungssenat, UVS) in Upper Austria has rejected the appeals against the three gaming licenses granted during the previous year. With this, ADMIRAL Casinos & Entertainment AG can now start rolling out its gaming machines in Upper Austria.

No further significant events occurred after the end of the interim reporting period.

Statement by the Executive Board

We confirm to the best of our knowledge that the consolidated interim financial statements as of 30 June 2013 give a true and fair view of the financial position, the financial performance and the 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 30 June 2013 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties which the Group faces.

Gumpoldskirchen, 30 August 2013

The Executive Board of NOVOMATIC AG:

Dr. Franz Wohlfahrt m.p.
CEO

Dipl.-Ing. Ryszard Presch m.p.
Deputy CEO

Mag. Thomas Graf m.p.
CTO

Mag. Peter Stein m.p.
CFO