

NOVOMATIC

Interim Financial Report 30.06.2014

Overview of Key Figures

EUR m*	01 - 06/2014	01 - 06/2013	Change	
			million	%
Revenues*	940.9	817.8	+123.1	+15.1%
EBITDA*	289.1	265.5 ¹	+23.6	+8.9%
Operating profit (EBIT)*	165.1	137.8 ¹	+27.3	+19.8%
Profit for the period*	104.0	66.8	+37.2	+55.6%
EBITDA margin (EBITDA/Revenues)	30.7%	32.5%		
Free Cash flow*	8.6	15.9	-7.4	-46.2%

EUR m*	06/30/2014	12/31/2013	Change	
			million	%
Balance sheet total*	2,616.5	2,361.4	+255.1	+10.8%
Equity*	1,017.1	952.4	+64.7	+6.8%
Equity ratio (equity/balance sheet total)	38.9%	40.3%		
Number of employees (average)	17,519	15,826		+10.7%

¹⁾ Adjustment of previous-years figures due to changes in presentation

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Consolidated Management Report

1. Purpose of the business and strategy

NOVOMATIC¹ 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 national and international gaming and betting markets. Furthermore, NOVOMATIC operates more than 1,200 gaming facilities worldwide.

In addition to developing gaming equipment, the NOVOMATIC Group has established itself as a games 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.

This 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 target-oriented manner.

2. Economic Conditions

In a recently published analysis, the International Monetary Fund (IMF) lowered its forecast regarding worldwide economic growth for 2014. Instead of the 3.7 percent that had been expected in April, growth estimates are now at 3.4 percent.

The deterioration of the economic outlook is mainly due to three developments. In the United States, the severe winter weighed heavily on the economy. The International Monetary Fund therefore now assumes that the world's largest economy will only grow by 1.7 percent in the year 2014, compared to a growth of 2.8 percent that had been expected until April. In China, domestic demand has weakened more than had been anticipated, mainly due to the state-coordinated measures targeted at dampening credit growth.

As a third reason, the IMF cites geopolitical developments related to the crisis in the Ukraine, which have caused massive tensions between Russia and the Western industrialized nations. The economic sanctions against Moscow imposed by the EU and the USA, as well as the recently introduced countermeasures taken by Russia, will impact the entire region, and economies with very active and direct trade relations with Russia will be the ones most affected by the crisis.

Due to the lower demand from China and the USA, the emerging market countries in Latin America, Asia and Africa will also post a lower economic growth in 2014.

Despite the deteriorating general geopolitical conditions, the economy in Europe will be able to achieve an increase in gross domestic product (GDP). While an increase in GDP of 1.1 percent is expected for the euro zone, the IMF anticipates a growth of 3.2 percent for the United Kingdom.

In its current forecast, the Austrian Institute of Economic Research (WIFO) projects a GDP growth of 1.4 percent for the current year. Apart from a moderate but solid growth in the consumption of private households, it is in particular the investment activities of Austrian companies that should accelerate significantly over the forecast horizon.

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

3. Business performance

Significant events during the first half of 2014

Reallocation of concessions

In June 2014, the Austrian Federal Ministry of Finance (BMF) granted its approval for the three individual licenses for the operation of casinos according to § 21 GSpG. In the process, ADMIRAL Casinos & Entertainment AG, a NOVOMATIC Group company, was awarded licenses for the locations Vienna North-East (Prater) and Lower Austria (Bruck an der Leitha). As of the date of preparation of this management report, the decisions had not yet taken legal effect.

Acquisitions and disposals of interests in companies

During the first half of 2014, the NOVOMATIC Group continued its growth trend. 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 subject of the transaction included the Christoffel Group's gaming facility operations (nine electronic casinos) and single-site operations (470 locations). The acquisition strengthens the NOVOMATIC Group's position in the Dutch single-site market, while at the same time allowing an entry into the Dutch gaming operations segment.

Also in January of 2014, UAB Azarto technika, a company in which NOVOMATIC holds a stake of 80 percent, acquired a 50 percent stake in both VSGA UAB and Taxillus UAB. Through a capital increase, the stake held by NOVOMATIC in both companies was increased to 70 percent. VSGA UAB and Taxillus UAB together constitute a casino group in Lithuania in which VSGA UAB holds an open-ended casino license, while Taxillus UAB operates under a gastronomy license. The newly acquired companies currently operate four casino locations in Lithuania.

In June of 2014, NOVOMATIC Group company Greentube Internet Entertainment Solutions GmbH acquired 100 percent of the shares of Dazzletag Entertainment Ltd. The company is a B2C provider of online casino and bingo products and currently markets these in the Netherlands and the United Kingdom.

In June of 2014, two Group companies (Astra Casino Gaming Ltd. and Astra Games (One) Ltd.) acquired the shares of Luxury Leisure Unlimited and SAL Leisure Limited. The acquired companies operate a total of 82 gaming facilities in England and Scotland and have approximately 850 employees. The consideration related to this acquisition amounts to EUR 69.3 million and consists of EUR 68.0 million from a purchase price already paid in cash and EUR 1.3 million from a purchase price adjustment which was dependent on the working capital assumed.

In June of 2014, NOVOMATIC AG signed an agreement with Sun International Limited for the sale of 50 percent of the shares in Novosun S.A. With this disposal, NOVOMATIC is entirely withdrawing from its participation in the Casino Monticello in Chile. At the time of preparation of this management report, the sale of the shares had not yet entered into legal effect due to several conditions precedent (in particular consent by the shareholders of Sun International Limited).

Legal proceedings and arbitration proceedings

In relation to proceedings against G. Matica Srl., a NOVOMATIC Group company headquartered in Italy, a settlement offer in the amount of EUR 47.3 million was submitted to the competent court. A final confirmation of the acceptance of the settlement is expected for the second half of the year 2014.

Bond

As a frequent issuer, NOVOMATIC AG successfully placed another corporate bond with a volume of EUR 200 million in June of 2014. It has a maturity of seven years and an interest rate of 3 percent p.a. The transaction met with very high interest among investors, and demand was particularly strong among retail investors who accounted for approximately 62 percent of the orders. The bond will mainly be used to optimize the NOVOMATIC Group's financing structure.

Earnings Position

In the first half of 2014, the NOVOMATIC AG Group's sales revenue was EUR 940.9 million, compared to EUR 817.8 million in the same period during 2013. The largest increase in sales was achieved in the area of gaming machine revenues, as these were increased by 16.8 percent. The acquisitions completed in the Netherlands contributed significantly to this development. Significant increases in revenues were also achieved regarding sales revenues, e-business revenues and betting revenues.

The cumulated other operating income increased slightly over the same period of the year 2013. In comparison to the previous year, lower own work capitalized and increases in inventories were more than offset by increased other operating income.

Material expenditures increased by 9.7 percent during the first half of the year, due to increased sales volumes. During the first half of the year, personnel expenses within the NOVOMATIC Group amounted to EUR 243.2 million, compared to EUR 207.3 million during the previous year. The increase is due to the numerous acquisitions carried out recently.

The other operating expenses (including gaming taxes) increased to EUR 387.8 million, thereby rising by 16.4 percent over the previous year's level. The increases are mainly related to the expansion of business activities, with the strongest increases recorded in the areas of gaming taxes and betting fees, non-earnings-related taxes and advertising expenses.

Earnings before interest, taxes, and depreciation and amortization (EBITDA) for the first half of 2014 came in at EUR 289.1 million, which is EUR 23.6 million above the result achieved in the first half of 2013. With a plus of 19.8 percent, the operating profit improved significantly against the previous year to EUR 165.1 million. This positive development was supported by slightly lower depreciations and amortizations.

The financial result improved by EUR 21.8 million during the reporting period due to lower financial expenses. During the previous year, the item "financial expenses" had included the impairment of the investment and a loan related to TAP dayli Vertriebs GmbH.

The earnings from normal business activities improved to EUR 147.3 million during the reporting period. This corresponds to an increase of EUR 49.1 million. After taking income tax amounting to EUR 43.3 million into consideration, the Group was able to record a profit for the period of EUR 104.0 million for the first half of 2014, compared to EUR 66.8 million for the previous year.

Assets Position

The balance sheet total increased against 31 December 2013 by EUR 255.1 million to EUR 2,616.5 million. The main increases on the asset side of the balance sheet are related to intangible assets, assets held for sale (due to the planned disposal of the stake in the Casino Monticello in Chile) and bank deposits.

On the other side of the balance sheet, equity and in particular current financial liabilities posted significant increases. This balance sheet item now includes the bond issued in 2010, which due to its maturity in January of 2015 was reclassified from non-current to current.

Financial Situation

Across the Group, in the first half of 2014, cash flow from operating activities increased to EUR 183.9 million in comparison to EUR 178.2 million in the previous year. The cash-effective release of the provision for damages (related to the pending legal proceedings against G. Matica Srl. in Italy), which resulted in a negative cash flow impact, was more than offset by the higher operating income, resulting in an increase in cash flow from operating activities.

Due to the numerous acquisitions completed during the reporting period, the cash flow from investment activities decreased from EUR -162.2 million in the previous year to EUR -175.3 million. The item "Acquisition of consolidated companies, net of cash" therefore increased from EUR -42.1 million to EUR -95.8 million.

Cash flow from financing activities amounted to EUR 122.8 million for first half of 2014. This item includes the bond (emission volume of EUR 200 million) issued by NOVOMATIC AG in June of 2014.

With a value of EUR 8.6 million the free cash flow remained near the previous year's level of EUR 15.9 million.

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 sales channel "Online", as far as it refers to the B2B segment. The Gaming Operations segment includes the area of "Gaming Operations", including "Betting", as well as the sales channel "Online", as far as it refers to the B2C segment.

Gaming Technology

During the reporting period, the external revenues in the Gaming Technology segment amounted to EUR 393.2 million. This represents an increase by EUR 37.2 million over the previous year. This deviation is mainly due to the positive development in the core markets of Austria, Italy and the United Kingdom. The increase in revenues in the Gaming Technology segment was supported by the acquisition of further companies in the Netherlands, as well as the continued rollout of video lottery terminals (VLTs) in Romania.

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

In Italy, an increase in the number of gaming devices rented out was achieved in the first half of 2014, and the average income performance of the devices was also improved against the previous year.

Gaming Operations

The external revenues in the Gaming Operations segment amounted to EUR 539.5 million in the reporting period, representing a significant increase in comparison to the previous year (EUR 459.5 million). During the first half of 2014, the expansion of gaming operations was continued. As of 30 June 2014, the number of locations operated by NOVOMATIC had been increased to more than 1,200.

Apart from the core market Austria, where ADMIRAL Casinos & Entertainment AG, a wholly-owned subsidiary of the NOVOMATIC Group, continued to roll out gaming devices on the basis of the state licenses received (according to § 5 GSpG), it was in particular in the Netherlands (through the acquisition of the gaming facility operations of the Christoffel Groep B.V. Group) and in the United Kingdom (through the acquisition of Luxury Leisure Unlimited and SAL Leisure Limited) where a considerable increase in the number of operative locations was achieved.

The Group's German gaming operations were able to successfully maintain their excellent market position during the first half of 2014. In particular Extra Games Entertainment GmbH, which focuses on the area of commercial machine gaming, was able to achieve a positive revenue development.

The NOVOMATIC Group's Italian gaming operations were able to grow their revenues during the first six months of the current financial year. On the one hand, the number of gaming devices operated was increased, while on the other hand the average income performance of the devices was improved.

The companies of the Greentube Group which are active in the B2C area continued their positive business development. In particular Cervo Media GmbH and Funstage GmbH were able to make a significant contribution to the increase in revenues.

5. Non-financial Performance Indicators - Employee Issues

As of 30 June 2014, 17,747 individuals were employed by the NOVOMATIC Group. Compared to the end of the year 2013, this corresponds to an increase in the number of employees by 1,725. 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 working at all levels and a large number of individuals of different nationalities. All age groups are well represented.

6. Significant Events after the End of the Interim Reporting Period

In August of 2014, the NOVOMATIC Group company NOVOMATIC Italia S.p.A. acquired 100 percent of the shares of SO.GE.MA. S.p.A., a manufacturer and distributor of gaming devices and money changers headquartered in Italy.

7. Significant Risks and Uncertainties

NOVOMATIC's annual report for the financial year 2013 includes the main risks and uncertainties that could have a considerable negative impact on the NOVOMATIC Group's asset, financial and earnings position and reputation. During the first six months of the financial year 2014, no further significant risks and opportunities beyond the risks and opportunities which are presented in the annual report for the financial year 2013 (on the pages 21-28) were identified.

The annual report for the financial year 2013 furthermore includes a detailed description of the structure of the risk management system, as well as the main characteristics of the internal controlling system regarding the accounting process.

Consolidated Interim Financial Statements

Consolidated Income Statement

EUR m	01 - 06/2014	01 - 06/2013
Revenues	940.9	817.8
Changes in inventories of finished goods and work in progress	13.5	16.5
Own work capitalized	57.2	60.9
Other operating income	41.9	32.4 ¹
Cost of material and other purchased services	-133.4	-121.6
Personnel costs	-243.2	-207.3
Amortization and impairment of intangible assets, property, plant and equipment, and investment property	-124.0	-127.7
Gaming taxes and betting fees	-83.9	-69.8
Other operating expenses	-303.9	-263.4 ¹
Operating profit	165.1	137.8
Share of profit / loss of associated companies	2.0	0.4
Financial income	12.2	8.3
Financial expenses	-28.3	-44.0
Currency exchange gains / losses from intra-group financing	-3.7	-4.3 ¹
Financial result	-17.8	-39.6
Earnings before taxes	147.3	98.1
Income taxes	-43.3	-31.3
Profit for the period	104.0	66.8
thereof attributable to non-controlling interests	0.7	-2.7
thereof attributable to shareholders of the parent (net profit)	103.3	69.5

¹⁾ Adjustment of previous-years figures due to changes in presentation

Consolidated Statement of Comprehensive Income

EUR m	01 - 06/2014	01 - 06/2013
Profit for the period	104.0	66.8
Amounts that will be reclassified to income statement in subsequent periods		
Currency translation	4.6	-4.9
Market value of financial assets available for sale	-0.2	-6.0
Amounts that will not be reclassified to income statement in subsequent periods		
Remeasurement of the net defined benefit liability	0.0	0.0
Other comprehensive income after taxes	4.4	-10.9
Total comprehensive income	108.4	55.9
thereof attributable to non-controlling interests	1.2	-3.7
thereof attributable to shareholders of the parent (net profit)	107.2	59.6

Consolidated Balance Sheet

EUR m	06/30/2014	12/31/2013
ASSETS		
Non-current assets		
Intangible assets	439.3	348.5 ¹
Property, plant and equipment	830.7	810.3 ¹
Investment property	19.0	19.2
Investments in associated companies	1.7	76.9
Non-current financial assets	17.1	16.7
Deferred tax assets	79.5	71.9
Other non-current assets	119.7	139.7
	1,506.9	1,483.1
Current assets		
Inventories	176.9	164.7
Trade receivables, other receivables and assets	248.6	231.2
Current tax receivables	28.0	21.9
Current financial assets	33.8	36.1
Cash and cash equivalents	551.5	417.6
Assets held for sale	70.9	6.8
	1,109.6	878.3
Total ASSETS	2,616.5	2,361.4
EQUITY AND LIABILITIES		
Equity		
Share capital	26.0	26.0
Capital reserve	1.0	1.0
Retained earnings	979.1	928.8 ¹
Revaluation reserve	-0.7	-0.5
Currency translation adjustment	-28.2	-32.4 ¹
	977.1	922.9
Non-controlling interests	40.1	29.5 ¹
	1,017.1	952.4
Non-current liabilities		
Non-current financial liabilities	804.6	825.9
Non-current provisions	58.0	52.4
Non-current tax liabilities	18.6	16.8
Deferred tax liabilities	48.8	42.8 ¹
Other non-current liabilities	29.8	27.3 ¹
	959.9	965.1
Current liabilities		
Current financial liabilities	244.6	26.7
Current provisions	51.4	90.2
Current tax liabilities	44.0	30.5
Trade payables and other liabilities	299.6	296.5 ¹
	639.6	443.9
Total EQUITY AND LIABILITIES	2,616.5	2,361.4

¹⁾ Adjustments of previous-years figures according to IFRS 3 „Business Combinations“

Consolidated Cash Flow Statement

EUR m	01 - 06/2014	01 - 06/2013
Operating profit	165.1	137.8¹
Loss (+) / Gain (-) from the disposal of fixed assets	-2.4	0.3
Depreciation (+) / Appreciation (-) of fixed assets	122.1	127.5
Other non-cash income and expenses	-15.9	-11.8
Interest received and interest-related income	4.4	6.1
Taxes paid	-41.1	-41.6
	232.3	218.2
Increase (-) / Decrease (+) in inventories	-11.7	-22.5
Increase (-) / Decrease (+) in receivables	7.9	-4.9
Increase (+) / Decrease (-) in provisions	-37.1	0.2
Increase (+) / Decrease (-) in liabilities	-7.5	-12.9
Cash flow from operating activities	183.9	178.2
Proceeds from the disposal of fixed assets (excluding financial assets)	12.9	6.3
Proceeds from the disposal / repayment of financial assets	2.5	2.3
Proceeds from the disposal of consolidated companies, net of cash	19.1	13.6
Acquisition of intangible assets, property, plant and equipment	-117.8	-113.0
Acquisition of financial assets and other financial investments	-1.9	-29.3
Acquisition of consolidated companies, net of cash	-95.8	-42.1
Net proceeds from associated companies and investments	5.7	0.0
Cash flow from investing activities	-175.3	-162.2
Dividend payments	-40.4	-51.8
Payments from non-controlling interests	0.0	0.0
Expenditures for change in interests in subsidiaries (without change of control)	-2.9	-3.1
Proceeds from issuance of bonds	198.9	248.9
Expenditures for settlement of bond issued	-1.7	-3.8
Expenditures / Proceeds from bank loans and financial liabilities	-6.8	-139.8
Interest paid and interest-related expenses	-24.3	-19.8
Cash flow from financing activities	122.8	30.6
Net change in cash and cash equivalents	131.4	46.6
Currency translation adjustments	2.3	0.4 ¹
Changes in cash and cash equivalents due to changes in scope of consolidation	0.2	1.9
Net change in cash and cash equivalents	133.9	48.9
Cash and cash equivalents at the beginning of the period	417.6	367.2
Cash and cash equivalents at the end of the period	551.5	416.1
Net change in cash and cash equivalents	133.9	48.9

¹⁾ Adjustment of previous-years figures due to changes in presentation

Consolidated Statement of Changes in Equity

EUR m	Shares of shareholders of NOVOMATIC AG					Total	Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserves	Currency translation adjustment			
Balance as of 01/01/2014	26.0	1.0	928.8	-0.5	-32.4	922.9	29.5	952.4
1) Total comprehensive income								
Profit for the period	0.0	0.0	103.3	0.0	0.0	103.3	0.7	104.0
Other comprehensive income	0.0	0.0	0.0	-0.2	4.1	3.9	0.5	4.4
2) Dividend payments	0.0	0.0	-40.0	0.0	0.0	-40.0	-0.4	-40.4
3) Change in non-controlling interests	0.0	0.0	-13.0	0.0	0.0	-13.0	8.1	-4.9
4) Changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.7
5 Obligation from written put-options over non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance as of 06/30/2014	26.0	1.0	979.1	-0.7	-28.2	977.1	40.1	1,017.1

EUR m	Shares of shareholders of NOVOMATIC AG					Total	Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserves	Currency translation adjustment			
Balance as of 01/01/2013	26.0	1.0	926.5	5.3	-27.3	931.4	35.8	967.3
1) Total comprehensive income								
Profit for the period	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 Obligation from written put-options over non-controlling interests	0.0	0.0	-2.1	0.0	0.0	-2.1	0.0	-2.1
Balance as of 06/30/2013	26.0	1.0	942.9	-0.7	-31.2	938.0	34.7	972.7

Notes to the consolidated financial statements

Accounting Principles

The present consolidated interim financial statements of NOVOMATIC AG and its subsidiaries as of 30 June 2014 were 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 statements are the same as those used in compiling the consolidated financial statements dated 31 December 2013, except for new and revised standards applicable in 2014. For more detailed information on the accounting and measurement methods used, please refer to NOVOMATIC AG's consolidated financial statements as of 31 December 2013.

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

Application of New and Amended Accounting Standards and Interpretations

With effect of 1 January 2014 following new standards are applied by the NOVOMATIC Group:

- IFRS 10 „Consolidated Financial Statements“
- IFRS 11 „Joint Arrangements“
- IFRS 12 „Disclosure of Interests in other Entities“
- Amendment of IFRS 10,11,12 „Transition Guidance“
- Revision of IAS 27 „Separate Financial Statements“
- Revision of IAS 28 „Investments in Associates and Joint Ventures“
- Amendment of IAS 32 „Financial Instruments: Offsetting Financial Assets and Financial Liabilities“
- Amendment of IAS 36 „Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets“
- Amendment of IAS 39 „Novation of Derivatives and Continuation of Hedge Accounting“
- IFRIC 21 „Levies“

The application of these new standards has no significant impact of the interim financial statements.

Scope of Consolidation

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

- Luxury Leisure Ultd., UK
- S.A.L. Leisure Ltd., UK
- Astra Casino Gaming Ltd., UK
- Astra Games (One) Ltd., UK
- Astra Casino Gaming (One) Ltd., UK
- Loontjens Automaten B.V., Netherlands
- Recreatieprojecten Zeeland B.V., Netherlands
- Recreatieprojecten Holland B.V., Netherlands
- VSGA UAB, Lithuania
- Taxillus UAB, Lithuania
- Dazzletag Entertainment Ltd., Malta
- I-New Unified Mobile Solutions S.A. de C.V., Mexico

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

Scope of consolidation	fully-consolidated	valued at equity
Balance as of 12/31/2013	168	3
First time inclusion in the first half of 2014	12	0
Disposed of in the first half of 2014	-1	0
Merged in the first half of 2014	-2	0
Switched from at-equity valuation to fully consolidated in the first half of 2014	0	0
Balance as of 06/30/2014	177	3
of which non-Austrian companies	154	1

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.

In June 2014 the NOVOMATIC Group signed an agreement to sell 50 percent of the shares in the at-equity consolidated company Novosun S.A. The sale of shares is due to individual conditions precedent (in particular approval of the shareholders of Sun International Limited) not yet legally binding. The at-equity investment with a book value of EUR 64.4 million is therefore classified and presented as held for sale in accordance with IFRS 5.

Acquisitions 2014

UK

On 6 June 2014, 100 percent of the shares in Luxury Leisure Unlimited and S.A.L. Leisure Limited were acquired by two existing group companies, Astra Casino Gaming Ltd. and Astra Games (One) Ltd. The transaction involved further an asset deal on gaming machines, which were acquired by the group company Astra Casino Gaming (One) Ltd. and transferred immediately to Luxury Leisure Unlimited. The acquired companies operate 82 arcades in England and Scotland. With the acquisition the NOVOMATIC Group strengthens its presence in the gaming market in UK in the segment "Gaming Operations".

The accounting of the acquisition according to IFRS 3 is not yet completed at the reporting date. Accordingly, the values of the opening balance sheet have not yet been finally determined and also the allocation of the total purchase price to the assets acquired and liabilities assumed is not yet completed. Therefore the inclusion of the acquired companies in the consolidated interim financial statements is based on provisional fair values, which present themselves at the acquisition date as follows:

EUR m	Fair value
Intangible assets	11.9
Property, plant and equipment	12.6
Other non-current assets	1.8
Deferred tax assets	1.0
Inventories	0.3
Cash and cash equivalents	3.7
Other current assets	4.0
Non-current liabilities and provisions	-5.0
Deferred tax liabilities	-2.7
Current liabilities and provisions	-7.7
Net assets	19.7
Goodwill	49.5
Consideration	69.3

Provisional goodwill resulting from the acquisition reflects the strategic advantages that are expected from the increased presence in this market.

The consideration amounting to EUR 69.3 million consists of a purchase price of EUR 68.0 million already paid in cash and a purchase price adjustment of EUR 1.3 million depending on working-capital transferred.

The profit for the period since the date of acquisition amounts to a total of EUR 0.4 million.

The Netherlands

On 8 January 2014, Novo Gaming Netherlands B.V., a 100 percent company of NOVOMATIC Group, acquired three companies owned by the Christoffel Groep B.V. The acquisition strengthens the NOVOMATIC Group's position in the Dutch market for machine placement, while at the same time allowing an entry into the Dutch gaming operations segment.

Lithuania

On 1 January 2014, UAB Azarto technika, an 80 percent company of NOVOMATIC Group, acquired 50 percent of the shares in VSGA UAB and Taxillus UAB. Timely, the share of the Group was increased up to 70 percent by unilateral capital increase. VSGA UAB and Taxillus UAB together constitute a group of casinos in Lithuania, while VSGA UAB holds an open-ended casino license and Taxillus UAB a gastronomy license. The new acquired companies operate four casino locations in Lithuania.

Malta

On 10 June 2014, 100 percent of the shares in Dazzletag Entertainment Ltd., a B2C provider of online casino bingo products in the Netherlands and Great Britain, were acquired. The acquisition intends to strengthen and diversify the activities of the NOVOMATIC Group in online gaming.

The accounting of these business acquisitions according to IFRS 3 is partly not yet completed, so that the provisional fair values at the acquisition dates for the acquisitions in the Netherlands, Lithuania and Malta present themselves as follows:

EUR m	Fair value
Intangible assets	13.5
Property, plant and equipment	11.7
Other non-current assets	5.4
Deferred tax assets	0.4
Inventories	0.1
Cash and cash equivalents	2.5
Other current assets	3.2
Non-current liabilities and provisions	-10.4
Deferred tax liabilities	-3.4
Current liabilities and provisions	-5.2
Net assets	17.9
Non-controlling interests	-1.5
Goodwill	29.7
Consideration	46.1

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

Provisional goodwill resulting from the acquisitions reflects the strategic advantages for the Group due to the expansion of operational business activities in the corresponding market. None of the goodwill resulting from these acquisitions is tax-deductible.

The consideration amounting to EUR 46.1 million consists of a purchase price of EUR 30.9 million already paid in cash and a contingent consideration of EUR 15.2 million depending on the development of the underlying earnings in future periods.

The profit for the period since the date of acquisition amounts to a total of EUR 0.2 million.

Acquisitions 2013

The individual acquisitions are described in the consolidated financial statements of NOVOMATIC AG as of 31 December 2013. At the time of preparation of the consolidated financial statements, the accounting of certain acquisitions was not completed, so that the provisional fair values were considered. The final fair values at the acquisition dates present themselves as follows:

EUR m	Fair value
Intangible assets	63.2
Property, plant and equipment	43.4
Other non-current assets	4.8
Deferred tax assets	4.1
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	-41.1
Net assets	88.7
Non-controlling interests	-9.6
Goodwill	47.3
Received surplus affecting income	-1.0
Fair value of investments in associated companies	-8.7
Consideration	116.7

The final consideration amounts of EUR 116.7 million, whereby EUR 16.3 million result from offsetting with outstanding claims, with EUR 15.8 million from contingent considerations and with EUR 84.7 million to be paid in cash (whereof EUR 82.7 million are already paid in 2013). The other disclosures remained unchanged.

Financial Instruments

NOVOMATIC Group uses following hierarchy to assign financial instruments measured at fair value to a valuation 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 which are solely based on valuation parameters observable in the market.

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

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

EUR m	06/30/2014	12/31/2013	Hierarchy
Assets			
Financial assets available for sale	33.1	34.7	Level 1
Liabilities			
Derivatives	0.3	1.3	Level 2
Contingent considerations from business combinations	26.4	20.1	Level 3

The valuation methods are described in detail in the consolidated financial statements as of 31 December 2013 and were unchanged in the interim period for the application.

The change in contingent considerations from business combination of EUR 6.3 million is due to additions of EUR 15.2 million from acquisitions and disposals of EUR 3.6 million from dissolution (reported under financial income) and EUR 5.3 million from fulfillment.

The book values of remaining 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 200 million, an interest rate of 3 percent p.a. and a duration until 23 June 2021 (payment at maturity).

For all bonds, carried at amortized cost of EUR 788.4 million (previous year: EUR 591.2 million), the fair value derived from market prices amounts to EUR 822.6 million (previous year: EUR 615.1 million). The bank liabilities are carried at amortized cost in amount of EUR 255.1 million (previous year: EUR 252.5 million), the estimated fair value of these liabilities is EUR 258.1 million (previous year: EUR 255.5 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 - 06/2014				
EUR m	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	393.2	539.5	8.2	940.9
Intra-segment revenues	49.5	4.2	-53.7	0.0
Total revenues	442.7	543.7	-45.5	940.9
Depreciation / amortization	-82.8	-38.8	-2.4	-124.0
Segment result (EBIT)	90.5	84.4	-9.8	165.1
Financial result				-17.8
Earnings before taxes				147.3
Income taxes				-43.3
Profit for the period				104.0

01 - 06/2013				
EUR m	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	-4.0¹	137.8
Financial result				-39.6 ¹
Earnings before taxes				98.1
Income taxes				-31.3
Profit for the period				66.8

¹⁾ Adjustment of previous-years figures due to changes in presentation

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 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 30 April 2014 agreed the payment of a dividend totalling EUR 40.0 million to the shareholders. The payment of the agreed dividends was made in May 2014.

Compulsory statement on the review by an auditor

The interim financial statements 2014 were not subject to neither a complete audit nor a review by an auditor.

Subsequent events after the Interim Reporting Period

In August 2014 NOVOMATIC Italia S.p.A., a company of the NOVOMATIC Group, acquired 100 percent of shares in SO.GE.MA. S.p.A., an Italian producer and distributor of slot machines and money changing machines.

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 2014 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 2014 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, 29 August 2014

The Executive Board of NOVOMATIC AG

Dr. Franz WOHLFAHRT m.p.
CEO

DI Ryszard PRESCH m.p.
Deputy CEO

Mag. Thomas GRAF m.p.
CTO

Mag. Peter STEIN m.p.
CFO