

NOVOMATIC AG

ANNUAL REPORT 2012

NOVOMATIC AG





NOVOMATIC AG
GLOBAL OPERATIONS

- NOVOMATIC activities
- NOVOMATIC core markets
- ▨ NOVOMATIC production and R&D locations

01





OVERVIEW



ORGANIZATIONAL CHART OF THE NOVOMATIC GROUP
CONTENTS OF NOVOMATIC AG
OVERVIEW OF KEY FIGURES
CORPORATE HISTORY

Organizational Chart*

of the NOVOMATIC Group		
ACE Casino Holding AG (Switzerland, 100%) Casino operator Casino Mendrisio (100%) Casino Locarno (54.5%) Casino Bad Ragaz (33.3%)	NOVOMATIC AG Holding (Austria, direct 92% and indirect 8% Gryphon Invest AG)	Gryphon Invest AG (Switzerland, 100%)
	Austrian Gaming Industries GmbH (Austria, 100%) casino and gaming facility operator, R&D, production, rental, sale	European Data Project s.r.o. (Czech Republic, 100%) production, operations, casino and gaming machine operation
	ADMIRAL Casinos & Entertainment AG (Austria, 100%) gaming facility operator	ATSI S.A. (Advanced Technology Systems International, Poland, 82%) technology center
	ADMIRAL Sportwetten GmbH (Austria, 100%) sports betting provider	
	Greentube Internet Entertainment Solutions GmbH (Austria, 100%) gaming solutions developer for the Internet, mobile devices and iTV	
	HTM Hotel und Tourismus Management GmbH (Austria, 100%) casino operator, including Hotel Admiral am Kurpark and Hotel Sacher Baden in Baden	
	Spielbank Berlin Gustav Jaenecke GmbH & Co. KG (Germany, 92.04%) casino operator	
	LÖWEN Entertainment GmbH (Germany, 100%) R&D, production, rental, sale, gaming facility operator	
	Crown Technologies GmbH (Germany, 100%) R&D, production, rental, sale	
	Adria Gaming International S.p.A. (Italy, 100%) gaming facility operator, rental	
	Astra Games Holdings Ltd. (Great Britain, 100%) R&D, production and sale	
	Alfor (Latvia 60%) gaming facility operator	
	Gamestec Leisure Ltd. (Great Britain, 100%) gaming facility operator	
	Bell-Fruit Games (Great Britain, 100%) producer	
	Novo Sun (Chile, 50%) Monticello Grand Casino, casino joint venture	

*) major shareholdings

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*) In order to improve readability, some terminology is used only in it's masculine form. Nevertheless, all passages refer equally to members of both genders.

Overview of Key Figures

SALES REVENUE

(IN MILLION EUR)

1,537

2012

1,387

2011

1,184

2010

EARNINGS BEFORE TAXES

(IN MILLION EUR)

273

2012

215

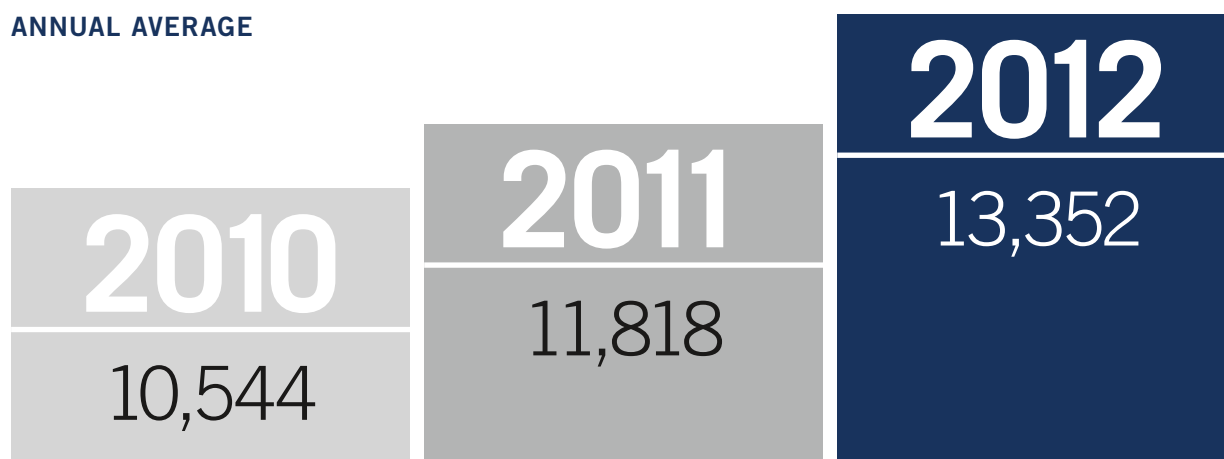
2011

198

2010

EMPLOYEES

ANNUAL AVERAGE



CONSOLIDATED PROFIT & LOSS STATEMENT

(IN MILLION EUR)*

	2012	2011	2010
Sales revenue	1,536.7	1,386.8	1,183.7
EBITDA	531.0	490.9	449.4
EBITDA margin (EBITDA/sales) in %	34.6	35.4	38.0
Earnings before interest and taxes (EBIT)	288.9	254.5	223.1
EBIT margin (EBIT/sales) in %	18.8	18.4	18.8
Earnings before taxes	272.9	215.1	198.2
Consolidated annual profit after taxes	194.3	160.3	131.5

CONSOLIDATED BALANCE SHEET

(IN MILLION EUR)*

	2012	2011	2010
Balance sheet total	2,222.9	2,183.7	1,825.7
Equity	974.3	841.5	738.0
Equity ratio (equity capital/total assets) in %	43.8	38.5	40.4
Number of employees, annual average	13,352	11,818	10,544

* Source: Consolidated Financial Statements as of 12/31/2011 and 12/31/2012 as per IFRS

CORPORATE HISTORY

Growing Success

In its relatively short 32-year history, the NOVOMATIC Group has become one of the top players in the industry and the clear number one in Europe.



ESTABLISHMENT

Founded by
Prof. Johann F. Graf

80

Market Entry
in Central, Eastern and
Southern Europe

89

ESTABLISHMENT
of the sports betting company
ADMIRAL Sportwetten GmbH

ADMIRAL

91

05

INAUGURATION

CASINO ADMIRAL
Prater, Wien



06

Revolution

LÖWEN Entertainment
revolutionizes the German gaming
market with its new multi-game
concept NOVOLINE

07

Acquisition

Crown Technologies GmbH
(German premium gaming
machine manufacturer)

Acquisition

Crown Gaming S.A.C., Peru

08

INAUGURATION

Monticello Grand
Casino & Entertainment
World with Sun
International und
other partners



ESTABLISHMENT

Austrian Gaming Industries GmbH



Acquisition
of the majority share in
Astra Games Ltd, UK



Revolution
First NOVOMATIC
multi-player devices
revolutionize the market

Acquisition
LÖWEN Entertainment GmbH
(German gaming machine manufacturer)



95

96

03

04

09

10

11

12

INAUGURATION

NOVOMATIC HQ
in Gumpoldskirchen



Bonds
2 corporate bonds with
a total volume of
EUR 350 million

Market entry
Italy

Entry of the online market
via acquisition
of the Greentube Group



Acquisition
Spielbank Berlin
92.04%

Acquisition
G. Matica, Italy
80.94%

ACQUISITION

Substantial assets
of the Danoptra
Gaming Group
(Bell-Fruit Games
and Gamestec
Leisure Ltd.)





02

NOVOMATIC AG-GROUP

FOREWORD BY THE FOUNDER & MAJORITY SHAREHOLDER

FOREWORD BY THE BOARD OF DIRECTORS

THE WORLD OF NOVOMATIC

STRATEGY

GAMING MACHINES

RESEARCH & DEVELOPMENT

PRODUCTION

SALES

CASINOS

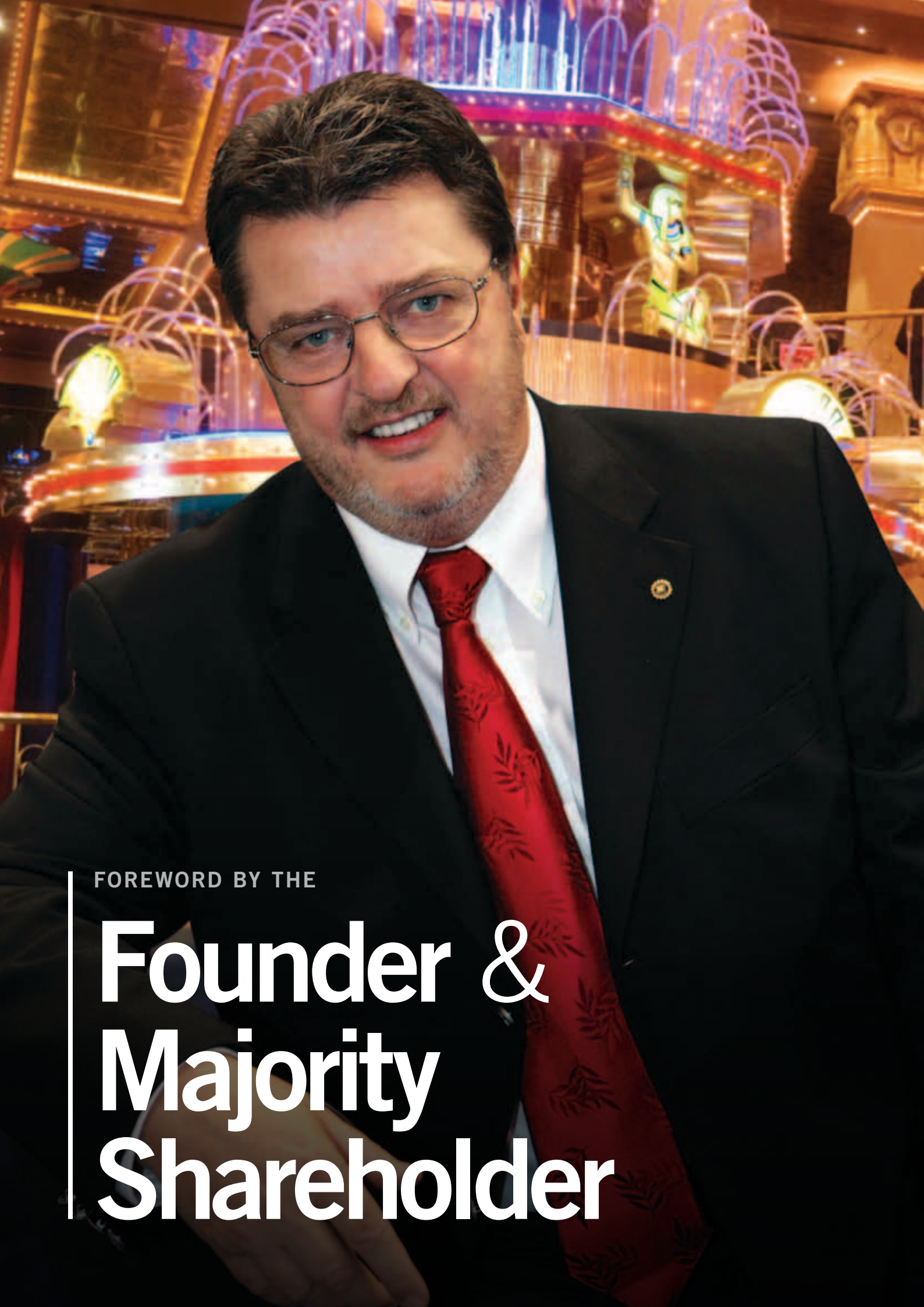
ELECTRONIC CASINOS

SPORTS BETTING

ONLINE GAMING

EMPLOYEES

REGULATORY ENVIRONMENT



FOREWORD BY THE

**Founder &
Majority
Shareholder**

I AM PARTICULARLY GLAD THAT, DURING THE FISCAL YEAR, NOVOMATIC AG WAS NOT ONLY ABLE TO ACHIEVE THE HIGHEST REVENUES EVER RECORDED DURING ITS 32-YEAR HISTORY, BUT ALSO CAME TO EMPLOY 14.9 PERCENT MORE PROFESSIONALS THAN BEFORE.

Dear Ladies and Gentlemen,

During fiscal year 2012, it became apparent that the consequences of the global economic and financial crisis may still be haunting us for a while to come – which is why I am particularly proud of and happy about the developments during this past year. NOVOMATIC AG can now look back upon the most successful period of its 32-year corporate history.

A few years ago, I noted here that in economically difficult times my main goal is not profit maximization, but rather the safety and security of the jobs we are able to offer our employees. That is why I am particularly glad not only that fiscal year 2012 saw NOVOMATIC AG's highest revenues ever, but also that we managed to increase in the number of our employees to 13,800, meaning an increase of 14.9 percent.

In a persistently difficult economic environment, however, our declared objective of preparing the NOVOMATIC Group for these challenging times by means of a continuous process must continue to be our utmost priority. Our joint efforts to significantly increase our cost efficiency and to continuously optimize our positions in the markets must therefore be continued, in order to solidify our position as Europe's leading gaming group and one of the top players worldwide.

Apart from ensuring the long-term stability of our home market Austria, where 2012 saw important steps taken and first successes achieved, we were above all able to grow in various jurisdictions worldwide during the past year. Among other things, this included the establishment of NOVOMATIC Americas Holdings Inc. with its registered office in the US state of Florida: with this, for the first time ever, we have created a North American base suitable for a cautious market entry.

At the same time, it opens up much better opportunities for us to address the important markets in Latin America, where we have been able to achieve considerable success during recent years. The same applies to Great Britain, where our acquisition of substantial assets previously owned by the British integrated gaming entity Danoptra Gaming Group has created a true home market with more than 1,000 employees: the four companies include Gamestec, operator of more than 15,000 gaming terminals, as well as Bell-Fruit Games, the device manufacturer with the longest history, which will be celebrating its 50th anniversary this year.

Our prospects for the future remain focused on maintaining our position as a trendsetter in the area of research and development, as well as the production of highly innovative gaming devices, which are not only used by our own gaming operations but also exported to 80 countries worldwide.

Apart from technological development, however, our employees play a central role as the foundation of our long-term success. I strongly believe that the most important decisions in a company always involve people. That is why our NOVOMATIC family – which last year grew to more than 19,000 members – remains our most valuable capital.

Gumpoldskirchen, April 2013



Professor Johann F. Graf
Founder and Majority Shareholder



FOREWORD BY THE

Board of Directors

Mag. Thomas Graf

DI Ryszard Presch

Mag. Peter Stein

Dr. Franz Wohlfahrt

OUR SUSTAINABILITY REPORT DOCUMENTS OUR OBJECTIVE OF DEMONSTRATING A STRONG SENSE OF RESPONSIBILITY IN A VERY SENSITIVE INDUSTRY.

Dear Ladies and Gentlemen,

In the financial year 2012, NOVOMATIC AG managed to increase its sales revenue by eleven percent to EUR 1,537 million. This represented the highest revenue ever achieved during our 32-year corporate history. Better results in all market segments made this success possible – despite the fact that economically challenging times persist. We are glad to report that both the Gaming Technology and the Gaming Operations segments were able to generate further growth. And last but not least, our third main pillar, Online Gaming, developed excellently.

Within our home market Austria, our subsidiary ADMIRAL Casinos & Entertainment AG (ACE), which was founded in 2011, successfully applied for licenses for the federal state-licensed gaming machine segment. In Lower Austria, the facilities are already being upgraded to the high regulatory level demanded by the legislators. Apart from applications for casino licenses, further authorizations from the individual federal states are expected over the course of this year.

Apart from the market entry in the US state of Florida and the acquisition of substantial parts of the integrated British gaming entity Danoptra Gaming Group, foreign operations were the source of many further positive developments: our online subsidiary Greentube, for example, was granted a license in Italy and will soon launch a platform with the first slot games. And just recently, Greentube received another license from the German federal state of Schleswig-Holstein. It is there that our subsidiary ADMIRAL Sportwetten has enjoyed considerable success after receiving its first licenses for online sports betting and sports betting locations.

Since November, we have been demonstrating that offering gaming services and effectively protecting players are no contradiction. On one of our home markets, in Lower Austria, the implementation of our technologically innovative ADMIRAL access and traffic light system offers the utmost protection for players. By consistently registering all customers, this, for the first time ever, lays the groundwork for personalized measures to prevent addiction and ensures the protection of young persons.

During the past fiscal year, NOVOMATIC was able to further improve its position within the ranking of the top branded companies. In the brand value study “eurobrand Austria 2012,” the company took fourth place with a brand value of EUR 2.3 billion (2011: fifth place). A particularly positive note was the fact that NOVOMATIC is the only company that has been able to continuously improve its brand value over nine consecutive years.

Finally, the sustainability report as an established component of our Annual Report documents our declared objective of demonstrating a strong sense of responsibility in a sensitive industry environment. In the future, we will continue along this path of transparency and willingness to engage in dialogue, which we have chosen in close communication with our stakeholders.

Gumpoldskirchen, April 2013



Dr. Franz Wohlfahrt
CEO



DI Ryszard Presch
Deputy CEO



Mag. Peter Stein
CFO



Mag. Thomas Graf
CTO

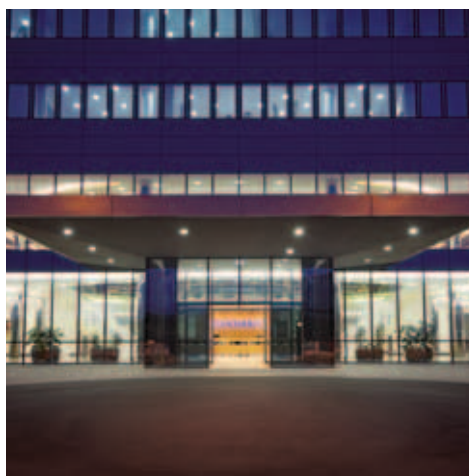


The World of **NOVOMATIC**

THE GROUP IS INCREASINGLY ESTABLISHING ITSELF AS A SUCCESSFUL CONTENT PROVIDER FOR LICENSED ONLINE AND OFFLINE PROVIDERS IN REGULATED MARKETS.

The NOVOMATIC Group is a globally operating group of companies, one of the largest integrated gaming companies in the world and, in its dual role as a manufacturer and operator, the undisputed number one in Europe. NOVOMATIC AG in Austria, headquartered in Gumpoldskirchen, Lower Austria, just south of Vienna, forms the core of the NOVOMATIC Group, along with its Swiss sister holding companies ACE Casino Holding AG and Gryphon Invest AG. Alongside the development of high-tech gaming equipment and the operation of casinos, electronic casinos and sports betting outlets, the Group has increasingly established itself as a successful content provider for licensed online and offline providers in regulated markets.

As the NOVOMATIC Group's manufacturing flagship, Austrian Gaming Industries GmbH (AGI) has always accorded the utmost priority to quality of workmanship in the production of its innovative gaming equipment. The same applies to all of the Group's international production subsidiaries. In addition to its sophisticated research and development activities, the Group does justice to this standard with seven international and closely interlinked competence centers located throughout Europe, as well as in Argentina.



The group develops, produces and sells one of the most complete product portfolios in the gaming industry

As a result, NOVOMATIC products have been distinguishing themselves by their renowned quality for more than three decades now. This is based on a degree of vertical integration that is well above the industry average and actually exceeds 90 percent. The basis for such high product quality is formed by investments in the area of research & development, which, in comparison to various industry peers, are well above the industry average.

A further important factor is the smooth integration of processes in all areas of production. As a result, NOVOMATIC products have always distinguished themselves by their renowned high quality. The NOVOMATIC Group develops, produces and sells one of the most complete product portfolios in the industry, offering high-tech products and solutions for all segments of the international gaming business. By acquiring substantial assets formerly owned by the integrated British gaming entity Danoptra Gaming Group – including the venerable producer Bell-Fruit Games – NOVOMATIC has become one of the market leaders on the British gaming market.

Thanks to its R&D competence centers, AGI is a pioneer in the development of innovative products and system solutions

Thanks to its numerous R&D competence centers in Austria and abroad, the most important NOVOMATIC subsidiary, Austrian Gaming Industries GmbH (AGI), is a pioneer in the development of innovative products and systems solutions for the gaming industry. The focus of its development activities lies in the areas of “Distributed Gaming Solutions,” gaming content and application software.

The software system solutions developed include management information systems, ticketing and smartcard systems, access systems, video lottery systems, links to government regulators, player protection programs, “gaming as a service,” online and mobile gaming system solutions, jackpot systems, and multi-player and community gaming systems, to name but a few. All system solutions feature modular architecture and are scalable. The proprietary Lightbridge System ensures that they are also interoperable. This allows for quick implementation of future legal, market-related and customer-specific requirements.

The subsidiary Greentube Internet Entertainment Solutions GmbH in Vienna plays an important role in the promising online gaming market segment. This company markets its products in the four main segments of Business to Business, direct distribution in regulated markets, mobile gaming and social gaming. Last year, the Greentube Group received an own license for the Italian market, which is regulated in an exemplary manner. The subsequent launch of the first slot games on this platform constituted an important step in establishing this core competency. Another major success in this area was the recent award of a license in the German federal state of Schleswig-Holstein, where the Greentube Group soon will be presenting a complete online offering. High-performance broadband access as well as smartphones and tablet computers will contribute to further diversification over the next few years, resulting in rapid development of the Group's third main pillar.

The sales and distribution system is based on the three pillars of direct distribution, local subsidiaries and reliable regional distribution partners

The NOVOMATIC Group's sales and distribution activities in the Gaming Technology segment include the sale and lease of products and the provision of extensive gaming services across the whole Group. During fiscal year 2012, these were supplied and exported to a total of 80 countries worldwide. With the establishment of NOVOMATIC Americas Holdings Inc. in the US state of Florida, the foundation for a careful market entry and even more intensive penetration of the Latin American markets was laid.

In the operational business segment, the NOVOMATIC Group increased the number of gaming devices operated in its own gaming facilities and via rental models from 200,000 to more than 215,000 units during the fiscal year 2012. The NOVOMATIC Group's activities in the area of casinos including traditional casinos (i.e., gaming facilities in which not only electronic games, but also live games such as roulette with a

croupier or card and dice games are offered) range from the largest German casino in Berlin to one of the largest resort casinos in Latin America, just outside of Santiago de Chile in Chile.

The worldwide distribution of this comprehensive product range from all producing subsidiaries guarantees and contributes substantially to the Group's success. The Group-wide sales and distribution system is based on three tried-and-true pillars: direct distribution, distribution through local Group subsidiaries, and distribution through carefully selected regional distribution partners in eleven countries. Based in the world-wide headquarters in Gumpoldskirchen, Lower Austria, direct sales efforts are coordinated by the most important NOVOMATIC subsidiary, AGI. Parallel to this, the other Group subsidiaries are developing their own extremely successful sales activities. And with specialized product know-how in selected segments and their local contacts, as well as market-specific marketing activities, the regional distribution partners make an additional contribution to our sales success.

The Monticello Grand Casino & Entertainment World in Chile is an example of up-to-date management of a resort casino



Through the example of the Monticello Grand Casino & Entertainment World, NOVOMATIC is demonstrating how a resort casino today can be managed in an up-to-date way: this gaming operation, opened in San Francisco de Mostazal (south of the Chilean capital of Santiago de Chile) at the end of 2009 in collaboration with two partners, offers 1,600 gaming

machines, 100 live gaming tables, a bingo facility for 300 guests, an attached conference center and a five-star hotel. The Group also owns the Casino Coliseum, the casino with the highest revenues in the Czech Republic, as well as the Casino Admiral Mendrisio, one of the most successful casinos in Switzerland.

The NOVOMATIC Group's core competencies include the operation of electronic casinos. In fiscal year 2012,

NOVOMATIC subsidiary AGI once again managed to maintain and even strengthen its position as a leading operator of electronic casinos in core markets such as Central, Eastern and Southeast Europe. Following a few very difficult years, during which restructuring measures had to be introduced and locations optimized in certain markets, the Gaming Operations segment was able to increase its revenues considerably in 2012.

ADMIRAL Casinos & Entertainment AG submitted successful application and now offers utmost player protection standards

The subsidiary ADMIRAL Casinos & Entertainment AG (ACE), which was founded in 2011, successfully applied for licenses for the federal state-licensed gaming machine segment in the Austrian states of Lower Austria, Upper Austria and Carinthia. In Lower Austria, the ADMIRAL facilities are already being upgraded to the required high regulatory level. Upper Austria will follow this lead as soon as the appeals with suspensive effect have been settled.

The Group's competencies with regard to sports betting are concentrated in ADMIRAL Sportwetten GmbH, which after its foundation in 1991 quickly rose through the ranks to become the clear number one within the Austrian sports betting facilities business. The company is now active in all federal states, operating a total of 195 locations and commanding a market share of more than 50 percent. Not least due to the European Soccer Championship, a major sporting event hosted in Poland and the Ukraine last year, ADMIRAL Sportwetten was able to increase its betting revenues by more than 14 percent in comparison to the previous year. The offerings are rounded off by the Internet sports betting market segment, as well as innovative sports betting terminals (the latter achieved considerable growth of 36 percent).

We intensified our information offensive relating to the prevention of gaming addiction

During fiscal year 2012, NOVOMATIC once again intensified its information offensive relating to the prevention of gaming

addiction, and for the first time ever developed a Responsible Gaming Code that is binding for the entire Group. These guidelines and the supporting measures derived therefrom are targeted at employees, customers and partners and explain how they can provide information and support to problematic players.

Offering gaming services and protecting players effectively need not be a contradiction, and NOVOMATIC has been proving this in Lower Austria since November 2012. There, our subsidiary ACE offers the highest level of player protection anywhere in Europe thanks to the implementation of the technologically innovative ADMIRAL access system (ADMIRAL-Card) and the traffic light system. By consistently registering all customers, this, for the first time ever, lays the groundwork for truly effective personalized measures to prevent addiction and at the same time ensures the protection of young people.



The brand value study eurobrand Austria 2012 ranked NOVOMATIC fourth among Austria's top brands, at a value of EUR 2.3 billion

During fiscal year 2012, NOVOMATIC was once again able not only to solidify its position as an attractive employer, but also to further improve its position within the ranking of the top branded companies. In the brand value study "eurobrand Austria 2012," the Group took fourth place with a brand value of EUR 2.3 billion (2011: fifth place). A particularly positive note is the fact that NOVOMATIC is the only company within this ranking, that has been able to continuously improve its brand value over nine consecutive years.



| **Strategy**

IN THE WORLD OF NOVOMATIC, THE UNIQUE DUALITY AS A PRODUCER AND OPERATOR CREATES A COMPETITIVE ADVANTAGE THAT IS CONSISTENTLY LEVERAGED.

NOVOMATIC AG is a globally operating, integrated gaming group, which as a manufacturer of innovative gaming equipment, operator of gaming facilities and provider of first-class gaming and sports betting services – both terrestrial and online – focuses on continuous, controlled, and sustainable growth.

In Eastern Europe, NOVOMATIC was able to maintain its excellent market position despite difficult economic times

The Group is determined to continue pursuing this strategy consistently over the coming years. In addition to the member states of the European Union, the NOVOMATIC Group's core markets include Central, Eastern and Southeast Europe. There, the Group has already established an excellent market position thanks to having entered these markets at an early stage, and has been able to maintain this position even during difficult economic times.

Many markets with longer-term stable and favorable growth prospects, such as regions in Latin America, the USA and Asia, also continue to represent very interesting development opportunities.

NOVOMATIC continues to follow its guiding principle: the Group only gets involved in jurisdictions and market segments that are regulated clearly and unambiguously. This permanently required high degree of legal certainty ensures that business risk is limited to the greatest possible extent.

A key component of the Group's future prospects is and shall remain its position as a trendsetter in the area of research and development of innovative, state-of-the-art gaming equipment. In the world of NOVOMATIC, the unique practiced dual role of producer and operator creates a competitive advantage that is consistently leveraged through the closely interlinked R&D competence centers around the globe.

Within the Group, this contributes to the realization of considerable synergies. In a market environment pressured

by the recession, the Group's dual strategy has once again proven itself.

Apart from the development of networked system solutions and the trend towards server-based gaming, NOVOMATIC as a pioneer and industry trendsetter has recently placed stronger emphasis on the rapidly growing online gaming segment, where subsidiary Greentube, for example, is seeing additional growth potential due to the growing number of jurisdictions aiming to legalize online gaming. With an output of more than 100 new games per year – actually, around 300 different game variants are introduced all in all – the Group is well prepared for the various market-specific requirements of the coming years. Apart from the pioneer position already achieved, it is in particular the area of gaming machine rental that has proven itself as a major component of the NOVOMATIC Group's integrated strategy in the important Gaming Operations market segment.

This highly successful segment includes the rental of gaming devices, which was demonstrated in a very impressive manner by the introduction of video lottery terminals (VLTs) in Italy, where the Group has signed long-term contracts for the delivery of VLTs with eight of a total of ten concessionaires. With this gaming device rental model, NOVOMATIC is securing long-term stable revenues ("recurring revenues") that make a major contribution to the stability of the business model.

Smartphones and tablet computers will contribute to the successful development of the Group's third main pillar

Finally, higher-performance broadband connections, as well as smartphones and tablet computers, contribute to the further diversification and resulting rapid development of the Group's third main pillar of being a content provider for Internet and telecommunications providers in appropriately licensed jurisdictions.



| Gaming Machines

GLOBALY NETWORKED GAME DESIGN IS ONE OF AGI'S CORE COMPETENCIES, RESULTING, TIME AND AGAIN IN THE DEVELOPMENT OF INNOVATIVE GAMING HITS.

NOVOMATIC AG's wholly-owned subsidiary Austrian Gaming Industries GmbH (AGI), the Group's manufacturing flagship, is the world market leader in the areas of interactive live games and multi-player systems. In addition to this, AGI is a technology leader in the development and production of innovative gaming devices, all of which undergo thorough test runs at the Group's own casinos and electronic casinos prior to their introduction on the international markets. This strategy guarantees that the only developments to reach the market are well-engineered and have already proven their reliability and attractiveness to customers in practice.

At the most important gaming exhibition in the world, "International Casino Exhibition (ICE) — Totally Gaming" in London, AGI once again successfully presented this year's product innovations at the end of January – which incidentally took place at Earls Court for the last time, after more than 20 years there. The products exhibited included two cabinet innovations, new game developments, jackpots and community gaming concepts.

Super-V+ Gaminator® III and NOVO LINE™ INTERACTIVE offer state-of-the-art cabinet technology and high-performance platforms

The new machines offer state-of-the-art cabinet technology for the high-performance NOVOMATIC gaming platforms Coolfire™ II and the "server-based-ready" NOVO LINE™. Extra wide screens ensure an intense gaming experience. The elegance and high-quality design of the cabinets constitute an attraction for any casino.

The NOVO LINE™ platform offers a server-based / downloadable platform together with a product that can also be used on non-networked standalone devices, thereby offering the utmost flexibility for operators who plan to operate a VLT solution at a later point in time.

The new cabinets support a continuously growing selection of new games, which are being developed in the Gumpoldskirchen development center in collaboration with

various competence centers worldwide. Globally networked game design is one of AGI's core competencies, resulting, time and again, in the development of innovative gaming center that become classics at the gaming operations of international customers in all the industry's market segments.

At ICE Totally Gaming 2012, no less than 19 gaming innovations with a wide range of themes and features were presented. AGI's Coolfire™ II and NOVO LINE™ games combine innovative gaming concepts with excellent gameplay and state-of-the-art technology. The proven international popularity of these games is also based on excellent graphics and first-rate sound, guaranteeing an exciting gaming experience for each and every guest. This "gaming repertoire" is available in a growing number of multi-game mixes; Super-V+ Gaminator® and Premium Gaminator®, offering up to 41 games within a single device.

At the Totally Gaming Awards, which were held for the first time in London, NOVOMATIC was chosen as "Manufacturer of the Year"

In the area of electronic live games, we presented, the first-ever integrated automatic card dealer (Infinity Auto Dealer) produced by our partner TCS John Hoxley, together with numerous new functionalities and extensions of our NovoLine™ Novo Unity™ II platform.

New multi-level mystery progressive jackpot themes, for featuring the film icon Marilyn Monroe or the card-animated Magic Joker Jackpot, as well as a community gaming concept rounded off the Group's extremely successful presentation at ICE 2012, as well as at G2E, which was held in Las Vegas at the end of the year.

At the Totally Gaming Awards, which took place for the first time this year, an independent jury chose the NOVOMATIC Group as "Best Manufacturer of the Year."



NOVOMATIC
SLOT MACHINES

Research & Development

Fruits of Fortune

BAR	LEMON	GRAPES	X	BELL
STAR	STAR	CHERRY	CHERRY	LEMON
X	LEMON	LEMON	STAR	GRAPES

WINNER PAID 2000
PLACE YOUR BET

38170 1000

WITH MORE THAN 2,500 REGISTERED IP TRADEMARK RIGHTS, THE GLOBAL PROTECTION OF INTELLECTUAL PROPERTY IS BECOMING MORE AND MORE IMPORTANT.

Thanks to its numerous R&D competence centers in Austria and abroad, the most important NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) is a pioneer in the development of innovative products and system solutions for the gaming industry. The focus of the development activities is on the area of “distributed gaming solutions” as well as both gaming content and application software.

The software system solutions thus developed include management information systems, ticketing and smartcard systems, access systems, video lottery systems, links to government regulators, player protection programs, “gaming as a service,” online and mobile gaming system solutions, jackpot systems and multiplayer and community gaming systems, to name but a few. All system solutions have modular architecture and are scalable. The proprietary Lightbridge System ensures that they are also interoperable.

The intention here is to ensure that future legal, market-related and customer-specific requirements can be implemented quickly. Efficient development is possible for both homogenous markets and highly specialized niche markets. This is ensured via open platform architecture and development teams

specialized on individual market segments. 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.

Industrial design that sets industry trends plays an important role in the area of cabinet variants and models

In developing the newest generation of cabinet variants and models, which repeatedly kick off new industry trends, industrial design is an extremely important factor. Innovations in the area of hardware include new, ergonomic cabinet designs for the casino, video lottery and AWP (Amusement With Prizes) gaming markets with possible control via up to five monitors, roulette facilities with state-of-the-art ball

ejection mechanisms, use of state-of-the-art curved monitors to simulate 3D effects, VIP terminals with giant screen technology, and dynamic lighting effects based on LED technology. In the area of data security, increasing importance is placed on proprietary physical random number generators that use quantum mechanics. In the field of game development, an in-house IP game series including a jackpot system was developed around the topics of Marilyn Monroe and Elvis Presley, an achievement that shows how AGI also sets standards in the field of branded games. New categories of game features included in the portfolio are “Reel Refill,” “Fixed Wilds” and “WinWays.”

AGI develops more than 300 new gaming variants and registers 100 new IP trademark rights every year

In the multiplayer segment, the Novo Unity product portfolio was expanded via the integration of an automated mechanical card shuffling device. In addition to this, the integration of slot games in the Novo Unity multiplayer technology represents a further milestone for product diversification. Development is supported by hardware and software development teams in Austria, Germany, the UK, Russia, Argentina and Poland that are either in-house or related to the Group, as well as by exclusive partnerships with developers in Austria, Slovenia, Greece, the USA and Australia. The global importance of the protection of intellectual property is on the rise. With more than 2,500 registered IP trademark rights and over 100 new registrations per year (made by the parent company NOVOMATIC AG, which licenses these trademarks to AGI), this area is given special consideration.

The AGI Group continuously develops new products and product variants, resulting in more than 300 new gaming variants per year. The trend toward online gaming – made possible by increasingly efficient smartphones and tablet computers – is addressed not least by the innovative NOVOMATIC subsidiary Greentube, which has been successful in improving its market position in the area of new media.



| Production

NOVOMATIC PRODUCTS HAVE BEEN DISTINGUISHING THEMSELVES BY THEIR QUALITY FOR MORE THAN THREE DECADES NOW – WITH THE SOLE OBJECTIVE OF OFFERING CUSTOMERS CONSIDERABLE BENEFITS.

As the NOVOMATIC Group's manufacturing flagship, Austrian Gaming Industries GmbH (AGI) has always accorded the utmost priority to quality of workmanship in the production of its innovative gaming equipment. The same applies to all of the Group's international production subsidiaries. In addition to its sophisticated research and development activities, the Group does justice to this standard with seven international and closely interlinked competence centers located throughout Europe, as well as in Argentina.

As a result, NOVOMATIC products have been distinguishing themselves by their renowned quality for more than three decades now.

This sophistication is due to a degree of vertical integration which is well above the industry average and actually exceeds 90 percent. The basis for such a high product quality is formed by investments in the area of research and development that, in comparison to various industry peers, are well above the industry average, as well as the smooth integration of processes in all areas of production. NOVOMATIC products have thus always distinguished themselves by virtue of their renowned high quality.

The Group's internal production process is geared to the concrete objective of offering customers advantages

In practice, this means that almost all components for NOVOMATIC gaming devices are manufactured within the Group's own production facilities. This includes not only all components, from cabinets to wiring harnesses and the printed circuit board (the actual intelligent core of every gaming machine), but also the company's own very successful games, which are developed in-house.

The Group's well-coordinated internal production process aims at one concrete objective: offering customers considerable advantages. These are achieved because all components produced in-house are subject to a continuous and rigorous process of quality control. Last but not least, this high quality

and the degree of vertical integration guarantee maximum flexibility for NOVOMATIC customers. The ultramodern organization of the production processes ensures that even for the production of small batches it is possible to address customer-specific requirements and needs in an individualized and exact manner. The same applies to the requirements of individual jurisdictions where the equipment is meant to be deployed. The production process is even capable of responding to changes in the evolving regulatory environment of individual markets at very short notice.

Venerable British manufacturer Bell-Fruits Games was integrated as part of the acquired assets of the Danoptra Gaming Group

This high degree of flexibility is guaranteed by the Group's ultramodern production facilities where all production processes are organized in accordance with the latest technological standards, which increasingly take important environmental and energy-efficiency aspects into consideration. NOVOMATIC constantly strives to secure and expand the innovative advantage that it has built up over more than three decades.

These efforts are coordinated by the experts at the Group's headquarters in Gumpoldskirchen, just south of Vienna in Lower Austria, which opened its doors in 2009. Approximately EUR 90 million was invested to ensure that both production processes and research and development conform to the latest technological requirements.

Apart from the headquarters, the Group continues to invest heavily in its many international production locations – from the two metal construction plants in the Czech Republic to the German subsidiaries LÖWEN Entertainment and Crown Technologies, from the cable harness plant owned by AGI Hungaria Kft. to the British subsidiary Astra Games Limited with headquarters in Wales: during the reporting period, Astra acquired substantial assets from the integrated British gaming entity Danoptra Gaming Group, including Bell-Fruit Games, the manufacturer with the longest-standing history and which in 2013 will be celebrating its 50th anniversary.



| Sales

THE GLOBAL DISTRIBUTION OF A COMPREHENSIVE PRODUCT RANGE FROM ALL PRODUCING SUBSIDIARIES GUARANTEES THE GROUP'S SUCCESS.

The NOVOMATIC Group develops, produces and sells one of the most complete product portfolios in the industry, offering high-tech products and solutions for all segments of the international gaming business. The worldwide distribution of this comprehensive product selection from all producing subsidiaries guarantees and contributes substantially to the Group's success.

The Group-wide sales and distribution system is based on three tried-and-true pillars

The Group-wide sales and distribution system is based on three tried-and-true pillars: direct distribution, distribution through local Group subsidiaries, and distribution through carefully selected regional distribution partners in eleven countries. Based in the worldwide headquarters in Gumpoldskirchen, Lower Austria, direct sales efforts are coordinated by the most important NOVOMATIC subsidiary, Austrian Gaming Industries GmbH (AGI).

Parallel to this, the Group subsidiaries are developing their own extremely successful sales activities. And with specialized product know-how in selected segments and their local contacts, as well as market-specific marketing activities, the regional distribution partners likewise contribute to our sales success.

The NOVOMATIC Group's sales and distribution activities include the sale and lease of products and the provision of extensive gaming services across the whole Group. During fiscal year 2012, these were supplied and exported to a total of 80 countries worldwide.

NOVOMATIC gaming devices, as well as complete equipment packages for casinos and electronic casinos, are distributed by the Group's subsidiaries in 31 countries. And presence at the world's most important gaming exhibitions has proven to be an important and effective marketing and sales instrument in recent years.

The world's most important gaming exhibitions are a very effective marketing instrument

During fiscal year 2012, the highlight of the exhibition year was once again the world's largest gaming exhibition, "International Casino Exhibition – Totally Gaming" (ICE) in London, which was held for the last time at Earls Court. At ICE 2012, NOVOMATIC had by far the largest exhibition stand. Other influential European exhibitions were IMA Düsseldorf in Germany, Enada Rimini in Italy, FER Interazar in Madrid, Congrexpo Belgrad, and EAG Bucharest in Romania.

Exhibition events outside Europe included G2E Asia in Macau; this event is very important for the markets in Asia, which have been booming during the past few years. With its participation in this exhibition, NOVOMATIC is intensifying its activities in the region's regulated markets such as Cambodia, Malaysia, the Philippines, Singapore and South Korea, in order to turn these into growth drivers for the Group over the coming years.

The establishment of NOVOMATIC Americas Holding Inc. represents an important strategic step on the American continent for the Group

With the establishment of NOVOMATIC Americas Holdings Inc. in Deerfield Beach in the US state of Florida and the foundation of two further subsidiaries during the reporting period, NOVOMATIC took a strategic step that is important for the Group's activities on the entire American continent. On the one hand, it aims at enabling a cautious market entry in the USA, while it is also meant to support the highly successful and stable development of various markets in South and Central America.

In collaboration with its local subsidiaries, NOVOMATIC has successfully participated in various exhibitions serving these markets: at the FADJA Columbia in Bogota, SAGSE Panama in Panama City, the Peru Gaming Show in Lima and SAGSE Buenos Aires in Argentina.



| Casinos

THROUGH THE EXAMPLE OF THE MONTICELLO GRAND CASINO & ENTERTAINMENT WORLD IN CHILE, NOVOMATIC IS DEMONSTRATING HOW A RESORT CASINO CAN BE MANAGED TODAY IN A UP-TO-DATE MANNER.

The NOVOMATIC Group's activities in the area of casinos including traditional casinos (i.e. gaming facilities in which not only electronic games, but also live games such as roulette with a croupier or card and dice games are offered) range from the largest German casino in Berlin to one of the largest resort casinos in Latin America, just outside the Chilean capital of Santiago de Chile.

With the example of the Monticello Grand Casino & Entertainment World, NOVOMATIC is demonstrating how a resort casino today can be managed in an up-to-date manner: this gaming operation, which was opened at the end of 2009 in San Francisco de Mostazal south of the Chilean capital of Santiago de Chile in collaboration with two partners, offers 1,600 gaming machines, 100 live gaming tables, a bingo facility for 300 guests, an attached conference center and a five-star hotel.

Chile's largest casino by far now commands a market share of more than 30 percent

This casino, which is by far the largest establishment of its type in Chile, now commands a market share of approximately 30 percent and was able to increase its gross gaming revenue to USD 164.0 million during fiscal year 2012 (2011: USD 148.8 million).

With Spielbank Berlin, NOVOMATIC also operates the gaming operation with the highest revenues in Germany. The venerable casino was founded in 1975, has been well-established at Potsdamer Platz since 1998, offers a gaming area in excess of 11,000 square meters over four floors, and is frequented by more than 2,000 visitors daily. In addition to this, Spielbank operates four further branches within the German capital.

Together with partner Deutsche Sporthilfe, which holds a 50 percent interest in the operations, NOVOMATIC also runs six further casinos in Germany, including the one at Frankfurt airport.

Together, the casinos in Mendrisio, Locarno and Bad Ragaz form the casino group with the highest revenues in Switzerland

With ACE Casino Holding AG as part of NOVOMATIC Group, the Group also owns the casino group with the highest

revenues in Switzerland: the three casinos in Mendrisio, Locarno and Bad Ragaz, which have been operated by NOVOMATIC since 2003, not only achieve the highest gross gaming revenues among all operators, but also pay the highest taxes to the individual cantons. To name concrete figures: in the period between 2003 and 2011, the three locations generated gross gaming revenues of nearly 1.4 billion Swiss Francs.



Via a Czech subsidiary of the Swiss company Gryphon Invest AG, the NOVOMATIC Group also includes a comprehensive casino offering with live games in the Czech Republic.

The flagship is the Casino Admiral Colosseum in Hradec Králové, which is also the casino with the highest revenues in the Czech Republic. 2012 also saw the completion of several new, ambitious projects there. These include the new Casino of Ra in Folmova, located directly on the border with Germany. The Casino of Ra, which follows the theme of NOVOMATIC's worldwide gaming hit Book of Ra™, offers not only the newest NOVOMATIC slot machines, but also four American roulette live tables, as well as four card tables (blackjack).



| Electronic Casinos

FOLLOWING SEVERAL YEARS THAT WITNESSED A CHALLENGING MARKET ENVIRONMENT IN SOME REGIONS, WE WERE ABLE TO INCREASE REVENUES IN THE GAMING OPERATIONS SEGMENT SIGNIFICANTLY DURING FISCAL YEAR 2012.

The NOVOMATIC Group's core competencies include the operation of electronic casinos. In fiscal year 2012, NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) once again managed to maintain and even strengthen its position as a leading operator of electronic casinos in core markets such as Central, Eastern and Southeast Europe. Following a few very difficult years during which restructuring measures had to be introduced and locations optimized in certain markets, the Gaming Operations segment was able to increase its revenues considerably in 2012.

In Austria, AGI's gaming facilities managed to maintain their position very well despite the difficult market environment. HTM Hotel und Tourismus Management GmbH (HTM) operated a total of 84 branches in Vienna and was able to increase the number of its locations in Lower Austria from 38 to 48. In Lower Austria and Upper Austria, the licenses for state-licensed gaming machines were reassigned in 2012. ADMIRAL Casinos & Entertainment AG (ACE), a wholly owned subsidiary of NOVOMATIC AG, was able to obtain licenses in both federal states.

The German NOVOMATIC gaming facilities were also able to further expand their already strong market position during the year under review. In one core market, the Group was able to further increase the number of rented gaming devices, resulting in further expansion and solidification of its market share. This market, with its stable cash flows, makes a major contribution to the Group's continued success.

Extra Games Entertainment GmbH, which is involved in commercial gaming, was able to further expand the number of its electronic casinos despite the difficult market environment caused by legislative changes.

In Italy, growth pushed revenues to a new record high, and the rollout of VLTs was continued

In Italy, Europe's largest gaming market, the growth achieved in 2012 resulted in an increase in the number of electronic

casinos operated by the Group from 70 in the previous year to well over 100 locations. As a result, the revenues achieved by the Italian gaming operations and concessionaire G. Matica S.r.l. reached a new record high.

The number of rented gaming machines was increased significantly. This was largely due to the successful rollout of video lottery terminals (VLTs). By the end of 2012, 18,000 such devices were already in operation.

With the acquisition of substantial assets of the Danoptra Gaming Group, NOVOMATIC became one of the market leaders in the UK during 2012

In July 2012, the wholly owned subsidiary of the NOVOMATIC Group, Astra Games Ltd., headquartered in Wales, acquired significant parts of the integrated British gaming entity Danoptra Gaming Group.

With the acquisition of the assets of the four companies Gamestec Leisure, Bell-Fruit Games, Mazooma Interactive Games and RLMS Sales, Astra has become a market leader on the British gaming market, both as a producer and as an operator, with more than 1,000 employees and more than 15,000 operating gaming terminals. Incidentally, the majority of the 15,000 gaming terminals are operated in over 10,000 British pubs.

In Latvia, the strategy pursued during the previous years, which focused on location optimization and cost containment measures, joined hands with favorable economic development to have a positive impact on the revenues and earnings of the 125 facilities. In markets such as Croatia, Macedonia and Romania, general improvement of the market as well as the optimization measures implemented during recent years also resulted in improved earnings.

ADM

BET SLIP

DATE	TIME	STAKE	ODDS
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1
2013-02-01	19:30	50	10/1

TOTAL STAKE: 500

Basic 10% Double 12% Lucky 5%



KEEP

START

1 2

7 8

14.00

2500

1X2 SPORTS BETTING

500.00

LIVE LIVE BETTING HORSES & DOGS SLOT CARS

1X2 SPORTS BETTING FAVORITES TIP LAST MINUTE SPEEDY

500.00 0.00

Sports Betting

TicketScan

THE MARKET SEGMENT OF SPORTS BETTING TERMINALS GREW SIGNIFICANTLY BY 36 PERCENT, WHILE INTERNET SPORTS BETTING LOGGED A GAIN OF 28 PERCENT.

The NOVOMATIC Group's sports betting competencies are concentrated in the wholly owned subsidiary ADMIRAL Sportwetten GmbH, which is headquartered in Gumpoldskirchen, Lower Austria. ADMIRAL Sportwetten, which was founded in 1991, quickly established itself as the clear number one in the Austrian sports betting facilities business and currently operates 195 locations in all nine federal states (including facilities operated by partners).

ADMIRAL Sportwetten's philosophy focuses on bookmaking competency, payment security and respectability

In accordance with the corporate philosophy "Building trust through bookmaking competency, payment security and respectability," ADMIRAL Sportwetten serves its customers as a reliable provider of sports betting and fine food and drink. The branch concept is based on two sales channels: the operation of owned branches and close cooperation with various franchise partners. Not least due to the European Soccer Championship, a major sporting event hosted in Poland and the Ukraine during the past year, ADMIRAL Sportwetten was able to increase its betting revenues by more than 14 percent over the previous year.

The bookmaking team made a significant contribution to the company's success. More than 20 so-called "bookies" analyze sports news, observe what is available overall, and subsequently offer attractive ADMIRAL odds for countless sporting events. An internal risk management team ensures that corporate success is ensured and that match fixing, which has repeatedly made its way into headlines in the recent past, is prevented.

With the continued trend towards live betting, where customers can bet in real-time on an ongoing sporting event, the bookmaker's job has changed considerably. The live broadcast program is expanded continuously, which leads to an even higher number of bets being offered. During recent years, two further business segments were able to achieve a very successful development.

The Internet sports betting market segment, which ADMIRAL Sportwetten introduced back in 2001, posted highly positive development during the reporting period and achieved growth of 28 percent over the previous year. Simply put: whoever does not want to place a bet at a betting establishment or via the Internet can do so via the ADMIRAL terminals.

These innovative sports betting terminals offer sports and live bets, as well as current sports results for various placement options. During the past years, ADMIRAL managed an extremely successful entry into the sports betting terminal business. In this area, an even higher increase of 36 percent was achieved.

From a strategic point of view, one highlight of 2012 was the historic opportunity to finally, after many years of legal uncertainty, obtain licenses for sports betting in Germany. At the beginning of the year, ADMIRAL Sportwetten GmbH, a wholly-owned subsidiary, was established in Rellingen. The Austrian parent company ADMIRAL and its subsidiary in Rellingen subsequently applied for a sports betting license for the areas of online sports betting and sports betting facilities, respectively, in the federal state of Schleswig-Holstein. Both companies were indeed able to obtain the desired licenses. Online operations were already initiated by German subsidiary ADMIRAL in Rellingen at the beginning of 2013.

The next important expansion measure for fiscal year 2013 will be the commencement of branch operations in Germany

For 2013, the German subsidiary is planning its market entry into terrestrial business in the federal state of Schleswig-Holstein. It is expected that, for the remaining federal states, the licensing procedure will have been completed by the middle of 2013. In the home market of Austria, expansion in accordance with market conditions is planned via the optimization of individual locations and the opening of new locations via franchise partners.



Online Gaming

GREENTUBE INTERNET ENTERTAINMENT SOLUTIONS GMBH, WHICH MARKETS ITS PRODUCTS IN FOUR MAIN SEGMENTS, PLAYS A CENTRAL ROLE.

In the promising online gaming market segment, the NOVOMATIC Group was able to continue its chosen expansion and growth strategy in the area of new media while simultaneously improving the company's market position. The online gaming industry's rapid development is being driven by enormous technological progress. Apart from broadband connections with even higher performance, the trend toward so-called "mobile devices," i.e., the development of more complex smartphones and tablet computer models, plays a decisive role.

Once again, the Group's emphasis in developing this market segment was on enlarging the gaming portfolio available online. This portfolio now includes a large portion of the classic NOVOMATIC slot game portfolio and continues to grow steadily.

NOVOMATIC's subsidiary Greentube Internet Entertainment Solutions GmbH plays an important role in this market segment. Its products are marketed in the following four main segments:

Business to Business

In this segment, licenses are granted to third-party providers in regulated markets. These then make the products available to an interested audience via their platforms and share their earnings with NOVOMATIC as the licensor. The customers now include renowned industry giants such as Sky and the Rank Group in Great Britain, as well as many further vendors in international markets.

Direct Sales in Regulated Markets

Italy is an example of a country where, over the past years, an exemplary regulated market has developed. Here, the Greentube Group is present with its own license and corresponding offerings. Toward the end of fiscal year 2012, another step toward the establishment of this NOVOMATIC core competency in the area of new media was taken with the launch of the first slot games on this platform.

Another success in this area was the recent award of a license by the German federal state of Schleswig-Holstein to the Greentube Group for online gaming operations in Germany. As a result, complete online offerings will soon be created in Schleswig-Holstein.

Mobile Gaming

The multiplication of previous successes via new media channels is also progressing rapidly – and with it the development of mobile gaming clients for the broadest-possible selection of end devices. Greentube is now capable of bringing NOVOMATIC products to the market for iOS, Android, and has already integrated a portfolio into the existing sales channels on the basis of HTML 5 technology.

Social Gaming

The use of the NOVOMATIC gaming portfolio has now also established itself in the so-called area of "social gaming" across all media channels described above. In this extremely popular segment, games are played exclusively for entertainment purposes, i.e., without the payment of any winnings. These services therefore allow us to reach markets where the online gaming sector has not yet been regulated.

The speed of growth in this segment is evidenced by the development in Europe, which plays a pioneering role with regard to the statutory regulation of online gaming: during the 2012 reporting year alone, 15 European countries introduced new or adapted existing legal frameworks in the area of online gaming, with the goal of benefiting from this market in the future.

In Austria, however, up-to-date legal regulation of this area is still pending. The EU Commission estimates that this segment will grow at a rate of 15 percent per year and exceed the mark of USD 40 billion as early as 2015, with Europe accounting for approximately half this volume.



| Employees

COLLABORATION BETWEEN DIFFERENT CULTURES AND GENDERS REQUIRES CONSIDERABLE EXPERIENCE AND DIVERSE STRATEGIES AT CORPORATE HEADQUARTERS.

Our employees' qualifications and high level of commitment form the basis of our corporate success. This is why we support our employees through targeted training and further education, as well as with actively promoting collaboration between the individual segments and the subsidiaries.

The growth trend set during recent years continued in 2012. On average, NOVOMATIC AG had 13,352 employees during 2012 (2011: 11,818). This corresponds to an increase of 14.9 percent. 950 employees worked at corporate headquarters in Gumpoldskirchen (2011: 913). This higher number of employees is due to the establishment of new companies and the acquisition of further companies.

A foundation of diversity, trust and intercultural collaboration

Since the establishment of our company back in 1980, our corporate culture has been based on the principles of trust and collaboration. As a company with international operations, we are convinced that the diversity and individuality of our employees forms a key component of our success. This is also evidenced by our company's personnel structure. The percentage of women employed in Austria as a whole is well above average, at approximately 38 percent. The average employee age is approximately 38, and around 9 percent of employees are university graduates.

Approximately 24 percent of all employees hold foreign citizenship, while many more have a migratory background. Collaboration between different cultures and genders requires appropriate experience and strategies at corporate headquarters in order to be able to provide quick support should problems arise. During the past fiscal year, we adapted our training concept to the Group's growth and conducted a thorough evaluation of the existing structures.

The resulting insights will be taken into consideration for the next cycle starting in September 2013 and will aim to provide substantial additional value to both our trainees and our company. As one of the first steps, the issue of

"apprenticeship with Matura" was tackled and implemented in 2012.

By optimizing our recruiting efforts and implementing further improvements to our system of applicant management, we were able to process more than 3,700 applications to our headquarter facilities in Gumpoldskirchen alone during the past year. The increase by more than 500 applications compared to the previous year documents NOVOMATIC's growing attractiveness as an employer.

Due to the globalization of the markets, the need for employees who think and act internationally continues to grow rapidly, which is why the recruiting process is to be optimized by implementing an even more sophisticated admission procedure. Here, a trainee program offering university graduates and young professionals the opportunity to get to know the Group in all its complexity has proven particularly successful. During this one-year program, the main objective is to facilitate contact with as many specialist areas within the NOVOMATIC Group as possible.

As in previous years, the main emphasis with respect to further education was on an intensification of the activities to obtain and maintain qualifications as well as on further development of our addiction prevention representatives' skills. Knowledge pertaining to the nature of addiction and to competently dealing with people who are at risk of such addiction is a major prerequisite for the implementation of effective player protection.

The promotion of technical training and language skills remains a high-priority issue

Further issues that were addressed included IT training programs due to migration to the Windows 7 operating system, the promotion of language skills, and technical training measures in accordance with the Group's international, technical and legal requirements. For 2013, the realignment of human resources marketing activities is planned.



Regulatory Environment

WITHIN THE SINGLE EUROPEAN MARKET, GAMING IS STILL THE ONLY MARKET SEGMENT NOT GOVERNED BY HARMONIZED REGULATIONS.

NOVOMATIC always places the utmost importance on offering products and operating gaming facilities exclusively in regulated markets that have a clearly defined legal and regulatory operating environment, a principle which has proven to be of great value. It follows that pursuing the highest possible degree of legal certainty represents a central, fundamental tenet underlying the business transactions engaged in by the entire Group. NOVOMATIC advocates social responsibility and strict statutory regulations with regard to gaming at both national and international levels.

Within the Single European Market, gaming is still the only market segment not yet governed by harmonized regulations. In unison with numerous findings of the European Court of Justice over the past few years, NOVOMATIC has therefore been demanding and advocating the harmonization of European gaming laws in the form of a special gaming directive – particularly with regard to Internet gaming – as soon as possible, and therefore welcomes the European Commission's initiative as already discussed in the corresponding action plan and proposed by a panel of experts formed specifically for this purpose.

The aim must be the carefully defined and controlled regulation of cross-border online gaming via transparent licensing procedures as well as ensuring the highest possible standards of player and consumer protection, so that pools amounting to billions every year are prevented from going outside of the EU via the Internet. NOVOMATIC expects this reform process to take a few years, however, and is of the opinion that the regulations being sought will present an opportunity for further expansion within the EU.

NOVOMATIC already complies with all of the international and domestic regulatory standards that it is calling for

NOVOMATIC already complies with all of the domestic and international regulatory standards that it is calling for. Systematic and coherent regulation, combined with the

required information on the creditworthiness and integrity of providers and their services, will also lead both to additional tax revenues and to additional earnings for non-profit organizations in the fields of culture, sports and social causes.

With the amendments to the Austrian Gaming Act passed in 2010, as well as the newly enacted state laws for machine gaming in Lower Austria, Upper Austria, Carinthia and Burgenland, a basis for legal and player protection-focused business practices by market participants in the field of fixed-location gaming was created. Effective legal measures preventing illegal gaming were also put in place.

VLT concessions in Italy were renewed, and for the first time ever, licenses were also obtained in Germany

The implementation of this new regulatory environment in Austria has already been taken advantage of by NOVOMATIC, particularly with regard to machine gaming in Lower Austria, Upper Austria and Carinthia. NOVOMATIC will be operating state-licensed machines in these federal states – or, in the case of Lower Austria, is already operating such machines.

In addition to this, NOVOMATIC has also applied for Austrian casino concessions and will still apply for the three remaining casino concessions. In Italy, furthermore, the Group was also able to renew in particular its VLT concessions for nine more years, while Germany saw sports betting licenses for both online and terrestrial activities obtained, as well as a license for casino online games.

The Group expects that the near future will also see changes to the regulatory environment in other countries, both within and outside the EU. In the wake of these changes, NOVOMATIC plans to increase its presence on such markets with responsibly designed gaming services.



03

CSR REPORT

(CORPORATE SOCIAL RESPONSIBILITY)

FOREWORD BY THE CEO
NOVOMATIC MISSION STATEMENT
CORPORATE CITIZENSHIP
STAKEHOLDER DIALOG
RESPONSIBLE GAMING
EMPLOYEES
ENVIRONMENT
SUSTAINABLE BUSINESS
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MAKING OF CSR PORTRAITS
REPORT PARAMETERS AND CONTACT DETAILS
INDEPENDENT LIMITED ASSURANCE STATEMENT
GRI-INDEX





In order to promote ice hockey as a sport for everyone, NOVOMATIC has been supporting the **UPC Vienna Capitals** for many years. For a change of scenery, the young talents around exceptional forward **Rafael Rotter** posed on shiny marble instead of ice at our Novomatic Forum.

FOREWORD BY THE

Chief Executive Officer



Dear Readers,

the demands made on gaming companies are becoming increasingly strict. During the past year, we therefore initiated several projects which aim at ensuring the long-term focus of our company on the principles of sustainability and corporate responsibility and securing what we have achieved so far. As one of the gaming industry's global players, we aspire to a high degree of professionalism when it comes to assuming social responsibility. In a separate "Responsible Gaming Code" we defined ten basic principles of responsible gaming and published these as binding policy and guidelines for all subsidiaries, both domestically and abroad. This Code is currently being implemented throughout all our companies.

The continued professionalization and, above all, quality assurance with regard to our responsible gaming activities has proven to be a decisive factor in the operation of gaming services in markets that are becoming more and more strictly

regulated. We assume that this will also remain our most important challenge in the future. We have implemented a code of conduct for the company and all subsidiaries, in order to sensitize our employees on all management levels regarding value-based and law-abiding business practices. During the past year, we also prepared the adoption of an environmental policy for our headquarters in Gumpoldskirchen, kicking off the development of a professional environmental management system at the beginning of 2013.

Furthermore, we intensified the dialog with our stakeholders: a first official round of talks with representatives from the fields of arts and culture on the topic of cultural sponsorship provided us with important input for a further development of our sponsoring guidelines. With the "Best Land-based Social Responsibility Award," which we received at the gaming exhibition in London at the beginning of February 2013 for our sustainability efforts during the year 2012, we clearly demonstrate that we are capable of setting standards within our industry. We continue to treat transparency with the highest priority. For this reason, the present corporate social responsibility report (CSR report) has once again been audited by our external independent partner Deloitte.

On the following pages, we would like to render an account of sustainable business practices, environmental successes, social responsibility and challenges within our company. I hope that you will gain exciting insights and enjoy reading it.

Sincerely,

Dr. Franz Wohlfahrt
Chief Executive Officer

SUSTAINABLE DEVELOPMENT AT NOVOMATIC

Mission Statement

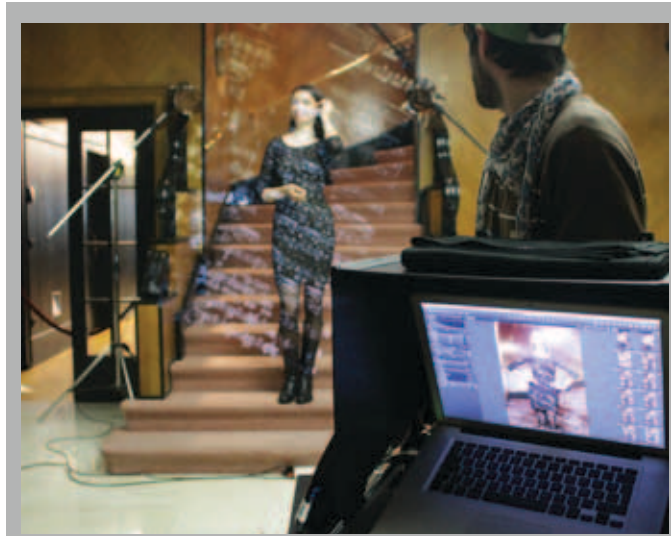
Our CSR mission statement is intended as a guideline for all company departments. The principles of sustainable development and CSR affect all areas of business. In the following, we will outline the focal points we chose, as well as the ensuing strategic challenges.

Responsibility on All Levels

Responsible gaming is and always will be our company's main challenge. Customers expect – and should expect – a gaming services provider with activities around the globe to provide transparent information on the risks of gaming, as well as support to ensure a measured approach to gaming, the protection of minors and effective protective measures for at-risk players. In light of new legal requirements, responsible gaming is becoming one of NOVOMATIC's mission-critical and most strategic assets. In 2012, we issued our Responsible Gaming Code as a set of binding guidelines (for more on this, please see the chapter "Responsible Gaming").

NOVOMATIC's innovative strength is based in large part on its creative and committed employees. Professional employees are needed not only in the development and production of modern gaming equipment, but also within the operational areas of our business. Training and further education measures, as well as tapping of our employees' full potential, are therefore crucial factors.

As a producer of high-tech gaming equipment, we make high demands on the resource and energy efficiency of our products and facilities. With our system of environmental management, which is currently in the process of being developed, we want to access untapped savings potentials in order to make our products even more efficient and durable. The code of conduct, which we published during the reporting year, constitutes a major contribution to our risk management.



PORTRAITS OF CSR

This year, some of our most well-known sponsorship partners have done us the honor of making themselves available for portraits to use in our sustainability report. On the following pages, we would like to introduce you to several partnerships that are particularly dear to our hearts and that serve to represent the many projects supported by NOVOMATIC.

In light of the high demands made by current legal frameworks, it is absolutely crucial that all employees develop an awareness for our corporate values. Long-term financing, our commitment to our Austrian headquarters and the high degree of vertical integration at our own production facilities form a part of our sustainable business strategy aimed at long-term corporate success.

NOVOMATIC acts as patron for the arts and culture, as a sponsor for sports, as a supporter of socio-political issues and as a sponsor of innovative entrepreneurs and young scientists. We have given our word to our stakeholders that we will be supporting them with long-term partnerships. In this, we rely on regular discussions and exchanges of ideas. The stakeholder dialog, which we initiated in 2012, will be continued with further topics of focus.



Corporate Citizenship

Since 1991, Prof. Rudolf Sarközi has been serving as chairman of the Cultural Association of Austrian Roma, which promotes equal treatment and acceptance of a minority that, to this day, remains oppressed. NOVOMATIC is speaking up for this ethnic group by sponsoring a documentary on the Roma people.

WE CONSIDER IT OUR OBLIGATION TO SHARE OUR SUCCESS WITH SOCIETY.

NOVOMATIC has committed itself to assuming social responsibility and to contributing to the creation of our civil society. From this commitment stems our obligation to share our success with society via constructive involvement in cultural, environmental, economic business, science, sports and social causes.

Sponsorship Guidelines

This commitment, which goes far beyond our core business, is embodied by our sponsoring partnerships and support for social causes and is based on our own sponsorship guidelines. In these, we commit ourselves to our responsibility within our core business on the one hand, in particular with regard to responsible gaming (see chapter on “Responsible Gaming”), and to our support of associations, projects and social initiatives on the other. These two aspects of our social responsibility can be regarded as equal in status. During the 2012 reporting year, we got involved throughout Austria to promote more than 215 different initiatives and projects. In Lower Austria alone, this included fourteen cultural projects, seven social and business initiatives, and 55 sports clubs and events. Compared to the previous year, we increased our number of cooperative partnerships in Lower Austria by five, while the total number of projects Austria-wide went down by approximately 30.

Our objective is to focus our selection of partnerships and emphasize our commitment to individual regions. In the future, we intend to enter into more targeted and sustainable partnerships – an issue which has also been stressed by our stakeholders (for further information on this, see the following chapter “Stakeholder Dialog”). We distance ourselves from the promotion of initiatives targeted at children and young people. In the past, we only involved ourselves with such causes in exceptional cases, and from now on we will avoid such issues more consistently and discontinue existing partnerships in this area. By focusing our activities in such a manner, we intend to further reinforce our profile.

Core Issues

The four focal points, which were identified in an effort to

delineate our profile more clearly are the arts and culture, social causes, environmental and economic business, science, and sports. As a company active in the entertainment industry, promotion of the arts and culture is of great importance to us, which is why we place an emphasis on promising young talents. We are particularly proud of the NOVOMATIC scholarship program at the Vienna State Opera. As far as it is possible, we combine art, culture and sports with a social cause.

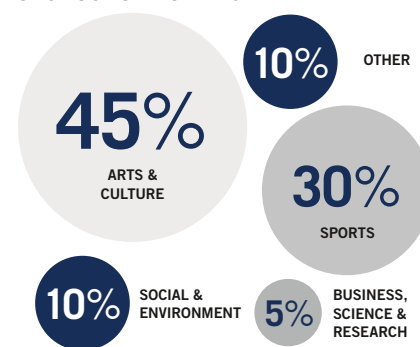
Our social involvement mainly focuses on socio-political issues such as integration and diversity, as demonstrated by our cooperation with the Verein Wirtschaft für Integration (Association of Business for Integration). As a provider of sports betting services, ADMIRAL Sportwetten

supports various types of sports and clubs, at both the professional and amateur levels. Supporting physically handicapped athletes such as the handcyclists Wolfgang Schattauer and Markus Schmoll is particularly important to us.

The ADMIRAL Charity Fonds provides swift and unbureaucratic help to people in need. And in our sponsorship of charitable organizations, we focus on projects that empower people to help themselves.

NOVOMATIC attaches great importance to long-term commitments. We therefore work constantly to better understand the positions of our sponsoring partners through regular dialog. Our complete sponsorship guidelines, as well as an overview of our sponsoring partners, are available online at www.novomatic.com/csr.

DISTRIBUTION OF NOVOMATIC SPONSORSHIPS IN 2012



FIELDS OF ACTION

2013 – Focussing the sponsorship strategy

✓ PLANNED ✓ IN PREPARATION BEING IMPLEMENTED

2013 – Increased focus on stakeholder dialog

✓ PLANNED ✓ IN PREPARATION BEING IMPLEMENTED

DIALOG WITH NOVOMATIC

Stakeholder Dialog

In November 2012, we extended an invitation to meet us for discussions at the Novomatic Forum



For NPOs in particular, image and credibility are irreplaceable values that no money can buy. In this sense, there is a “natural limit” to the positive image transfer between companies that should not be crossed, even for a lot of money.

Peter Melichar, Project group Karlsplatz.org



I am talking about modern patronage. The program must, of course, be appealing and is supported for this reason. But apart from this, I am in no way dependent. [...] Over the last five years, I have not experienced any type of artistic restriction.

Andreas Beck, Artistic Director of the Vienna Schauspielhaus

Our stakeholders are the people and organizations directly or indirectly affected by our business activities. For years now, NOVOMATIC has made a great effort to stay in constant touch with these partners, as dialog with them helps us to better understand their positions and serves as a guide for our business practices. The inclusion of stakeholder interests in our corporate activities therefore enjoys high priority. As a company with international operations, NOVOMATIC naturally has a high number of stakeholders, such as our employees and customers, investors, suppliers and political authorities, and last but not least our sponsoring partners.

Dialog with our Stakeholders

During the past reporting year, we made use of several opportunities for dialog with our stakeholders. Apart from the quarterly CSR jour fixe, during which a team of employees from various departments exchanges ideas on CSR issues within the company, this year saw us organize the Responsible Gaming Symposium for the third time in a row during the month of June. The symposium offers a platform for internal and external participants to discuss current issues with experts on gaming addiction (see chapter “Responsible Gaming”). In addition to this, we communicate with our stakeholders regularly.

We would like to strengthen personal contacts in particular, as we got only relatively few comments back last year when we sent out our annual report together with a request for constructive feedback regarding its contents. In addition to this, the year under review saw us publish a CSR magazine named “we care to be fair,” which for the first time ever provides an overview of how NOVOMATIC puts its responsibility into practice. It will be updated on a yearly basis. Anyone interested can also download it at www.novomatic.com/csr.

Since November, NOVOMATIC has also been initiating a more intense dialog with cultural and sponsoring-related partners. We intend to continue this format with further events in the future.

Cultural Sponsoring

In November, NOVOMATIC invited representatives of the arts, culture and business to the Novomatic Forum for a roundtable discussion entitled “Cultural Sponsorship: Selling of Indulgences or Sustainable Investment?” On the one hand, the panel included long-term sponsoring partners such as Ö1’s Karl Amon, Alexander Syllaba from the St. Pölten repertory cinema Cinema Paradiso, and Schauspielhaus Artistic Director Andreas Beck.

On the other hand, however, representatives of cultural institutions with a critical stance toward NOVOMATIC, such as Peter Melichar of Karlsplatz.org, as well as former sponsoring partners such as Werner Urbanek of the Viennese Nestroy Theater Prize, were invited. The chairwoman of the bioethics committee of the Federal Chancellery, Christiane Druml, gave a keynote speech on the topic.

The discussion centered on the question as to the main factors for sustainable cultural sponsoring, as well as prerequisites, obstacles and even modes of operation for a successful collaboration. The insights gained show that sponsoring activities must, above all, have a long-term orientation. In particular during times when the arts are often neglected by public funding, it is desirable for individual companies to consider culture a matter of high priority. In doing so, however, it is crucial that there be a clear thematic connection between the sponsor and the supported project, so that the relationship is credible in the public eye. In the best case, sponsoring is a win-win situation for all participants, as on the one hand an image transfer occurs, and on the other hand an important contribution to a high-quality cultural offering is made.

In this respect, it is important to raise the awareness as to how important the contribution of sponsorship is to cultural offerings. The key premise for any cooperation is that a sponsor must not exert influence over content. And in this sense, absolute transparency is necessary to ensure that a cooperation is perceived positively by the public and becomes a success. NOVOMATIC will use this dialog to revise its sponsorship guidelines and reevaluate its current sponsorship commitments.

PARTICIPANTS IN OUR STAKEHOLDER DIALOG

Karl Amon, Director of Radio ORF

Lena Arnold, Assistant to Andreas Beck

Andreas Beck, Artistic Director of the Vienna Schauspielhaus

Christiane Druml, Chairwoman of the Austrian Bioethics Commission

Peter Melichar, Project group Karlsplatz.org

Alexander Syllaba, Managing Director of Cinema Paradiso

Werner Urbanek, Chairman, Association of the Vienna Theater Prize

Monika Racek, Head of CSR at NOVOMATIC

Stephanos Berger, CIDCOM Werbeagentur GmbH [host]



There is no other sector [...] that has to permanently justify [...] its sponsoring income as do the arts and culture.

Alexander Syllaba, Managing Director of Cinema Paradiso



As a cultural sponsor, the company creates sustainability [...] and benefits within its structure.

Christiane Druml, Chairwoman of the bioethics committee



Responsible Gaming

For many years now, Marianne Mendt has been committed to promoting young jazz talents – and NOVOMATIC supports her in these efforts. Through nationwide auditions, MM Nachwuchsförderung offers young jazz musicians an opportunity to demonstrate their skills together with the professional musicians of the MM Band.

WELL-INFORMED CUSTOMERS, CONSISTENT ACCESS CONTROLS AND A GRADED WARNING SYSTEM MAKE THE SENSITIVE SERVICE OF GAMING SAFER.

In a sensitive business sector such as gaming and at a time when the gaming industry is being paid particularly critical attention throughout Europe, the public legitimately demands that companies offering products and services in this segment fulfill strict requirements with regard to integrity, transparency and regulatory responsibility. With its sustainability efforts, NOVOMATIC is setting new industry standards. This was publicly acknowledged in early February 2013, when the company received the “Best Land-based Social Responsibility Award” at the London gaming exhibition.

Responsible Gaming Code



NOVOMATIC aspires to offer gaming responsibly and under safe, strictly regulated conditions in order to minimize the grave consequences of problematic or pathological gambling behavior for the affected players,

their families and society to the greatest possible extent. Responsible gaming has a long tradition in our Group and is firmly embedded in our corporate philosophy. This commitment is documented by our Responsible Gaming Code, which has been in effect throughout the Group since July 2012 and comprises a mission statement as well as guidelines for all Group companies.

So far, it has only been implemented in full by our subsidiary ADMIRAL Casinos & Entertainment AG (ACE) in Lower Austria. Our long-term goal is to implement the code in all federal states and countries in which NOVOMATIC does business. However, NOVOMATIC expects legislators to create a corresponding statutory framework before the complete spectrum of possible measures is introduced.

For more information on this, please visit: www.novomatic.com/responsible-gaming

Informed Customer Choice

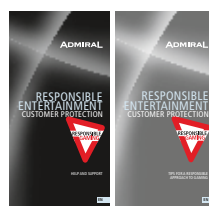
Primary prevention aims at providing customers with comprehensive information on the potential risks of the recreational service of gaming so that they are able to make well-informed customer decisions. Primary prevention aims at increasing the customers’ personal responsibility. For this, we offer our clients information brochures in several languages, a website, as well as information on a helpline. In our advertising, we also pay attention to responsible communication and information (“responsible advertising”).

PREVENTION OF GAMING ADDICTION/ PLAYER PROTECTION

Our measures to prevent gaming addiction and protect players complement one another, beginning with awareness-raising measures directed at all customers, and culminating in protective measures for at-risk players.

- 1** Primary prevention through information and awareness raising
- 2** Secondary prevention through recognition of indications of risk and intervention
- 3** Tertiary prevention through specialized clinical institutions

Along with the introduction of the registration system in Lower Austria during the year under review, the new information brochures, which were developed in collaboration with scientific experts, were introduced. These brochures, which feature an attractive design, are available in six languages and contain a self-test aimed at reflecting on one’s own gaming behavior, as well as helpful contact addresses for the help system and valuable tips on a responsible approach to gaming.



Information brochure on player protection
Help and support
Tips on a responsible approach to gaming
Also included: a self-restriction form

From Prevention to Intervention

Secondary prevention is targeted at players who already display signs of problematic gaming behavior.

Here, the graded warning system applies. It is based on careful monitoring of the individual customer's gaming behavior and, in the case of an incident, requires that credit score information be gathered. It culminates in personal warning talks conducted by a prevention representative. The objective is to raise the customer's awareness of the problem and to provide motivation to voluntarily participate in self-restriction measures. Well-trained employees, who are able to recognize signs of problematic gaming behavior at an early stage and who are capable of competently advising and supporting our guests, are a major prerequisite for this step. In Lower Austria, corresponding warning talks are already being documented according to the new system and reported to the supervisory authority.

If a player is obviously no longer capable of controlling his or her behavior, the customers' behavior is evaluated by the responsible gaming department, before the operator bans the player from the premises for his or her own protection.

Tertiary Prevention through Specialist Institutions

The treatment of gaming addiction as a tertiary prevention measure lies outside of our sphere of influence. NOVOMATIC draws a clear line between this and the responsible gaming concept, as a medical diagnosis and therapy of pathological gaming is reserved for clinical experts.

Collaboration with Scientific Experts and Quality Assurance

The basis of our prevention measures is formed by comprehensive, substantiated expert information for customers aimed at raising their level of awareness. Intervention, which may be required in individual cases, is carried out by our trained employees and is therefore based on our training concept for prevention representatives. The development of all prevention and intervention activities is coordinated with scientific experts, and the core measures are subject to evaluation. In addition to this, measures are also subject

to comprehensive quality assurance procedures and thus to a process of continuous improvement. Since the 5th of July 2012, ADMIRAL Casinos & Entertainment AG (ACE), which operates in Austria, has implemented a quality management system certified in accordance with ISO 9001:2008.

Quality management at ACE reviews the attainment of concretely defined quality goals, such as, for example, minimization of unauthorized access by minors or banned players, the reliability of the warning mechanisms for the recognition of at-risk players, and the effectiveness of the transfer of at-risk players to counseling and therapy centers.

Quality assurance is based, for example, on an analysis of records and feedback forms, as well as on structured responses by counseling institutions. In addition to this, regular outlet audits are planned from 2013 onwards, following completion of the rollout in March 2013. An important tool for quality assurance is the use of "mystery testing" activities, which follow clearly defined scenarios. Initial results obtained at the beginning of 2013 have shown that employees now have a good command of the registration system and take the identity checks very seriously.

Use of the New ADMIRAL Card in Lower Austria



In March of the year under review, ADMIRAL Casinos & Entertainment AG (ACE), the subsidiary in charge of the Austrian market, received a permit from the federal state government of Lower Austria to operate 1,339 machines for federal state-licensed machine gaming. An important factor influencing this decision was the technologically innovative ADMIRAL access and warning system, which in the meantime has been deployed successfully in Lower Austria and has been in use since November 2012. The new system establishes new standards for player protection, not least because it can be deployed across all federal states and segments (i.e. for both the slot arcade and casino segment). By consistently registering all customers, we are creating the foundation for personalized addiction prevention measures that range from recognition of an addiction to interventions and the relaying of the affected individuals into the support system.

ADMIRAL Card

The ADMIRAL Card is part of a technologically advanced and safe access system that NOVOMATIC is using to set new standards throughout Europe. Here is an overview of the features and benefits offered by the ADMIRAL Card:

1

SECURE

The ADMIRAL Card does not store any player data and contains only an alphanumeric code. Misuse of data can therefore be ruled out.

2

CONTACT-FREE

The ADMIRAL Card contains a modern smart chip and an invisible RFID antenna used to open the turnstile.



3

PERSONALIZED

A photo and the customer's personal data is printed on each ADMIRAL Card, preventing it from being passed on.



4

MODERN

The ADMIRAL Card system is unique throughout Europe and guarantees maximum player protection.

6

INTERLINKED

The ADMIRAL Card can be deployed across federal states and across segments and is therefore ready for future developments.

5

SECURE

The customer can only activate the gaming device with the ADMIRAL Card and a four-digit PIN code.

7

FAST

With the new software, registration takes less than 3 minutes. Data from the identification card is automatically read by the scanner.



NOVOMATIC is one of the main sponsors of a particularly innovative venue for contemporary theatre – the Vienna Schauspielhaus. Our photo shows the young, charismatic actor **Max Mayer**, who for his performance in *Grillenparz* by Thomas Arzt received the Nestroy Award as best actor.

Initial experiences with the new system show that some customers are very skeptical about this conversion. In some cases, customers refuse to participate in the credit check that is required by law if it is suspected that the customer might be at risk. Creditworthiness is checked only when necessary, not as a regular procedure during registration. ACE makes an effort to inform customers regarding the new legal framework and to illustrate the advantages of the new system. Above and beyond the legal requirements, access to self-exclusion was simplified, and a new option for visit agreements (limited number of visits per month) was introduced.

More and more customers are making use of these options, in some cases on their own initiative, in other cases due to informative talks with prevention representatives. This proves that these measures actually contribute to stronger personal responsibility.

Technical Self-Control

The responsible gaming module (in short REGAMO) is an innovative system developed by NOVOMATIC that is aimed at helping customers to actively monitor their own gaming behavior. This module, which is being used in Lower Austria, consists of a monitor with a touchscreen. It is used to activate a slot machine via PIN code and shows the player responsible gaming tips during an ongoing game.

As the current gaming time is displayed, the player stays in touch with reality and tunnel vision syndrome is avoided. The use of the ADMIRAL Card also ensures that, after two hours of gaming, a cool-down phase is initiated.

Social Control by Trained Employees

Employees play an important role in implementing responsible gaming measures. This is why NOVOMATIC invests in comprehensive employee training activities around the globe. Training for a prevention representative in Lower Austria takes approximately 100 hours. Our objective is to ensure that all employees with customer contact have at least basic knowledge of gaming addiction and its development. The training materials are coordinated with scientific and therapeutic institutions. They are updated regularly on the basis of new scientific insights, and their practical suitability is constantly re-evaluated. During the conversion of 47 facilities in Lower

Austria, which took place through March 2013, approximately 200 employees received basic training on the prevention of gaming addiction.

Protection of Minors

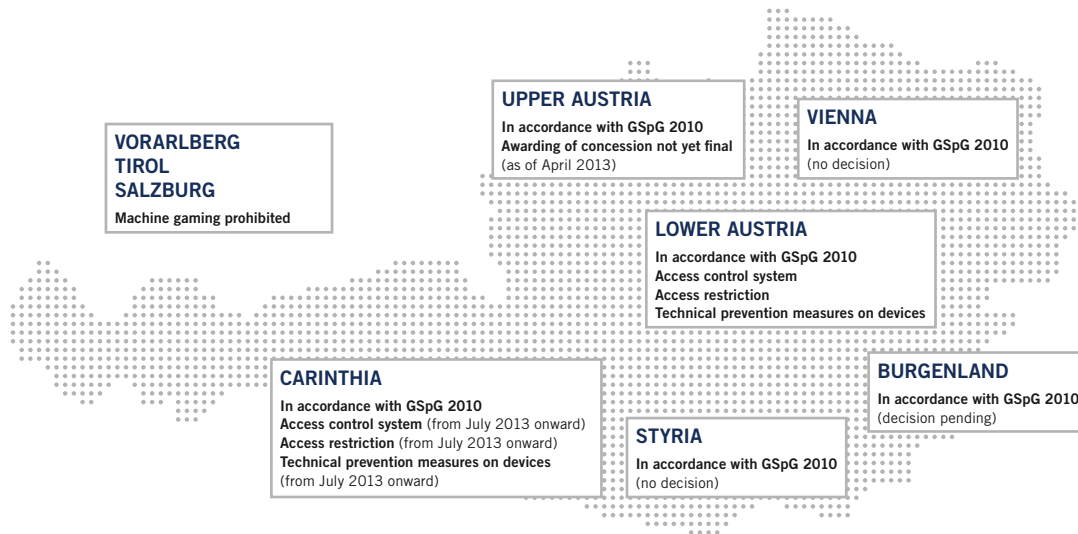
Statutory mandatory verification of identity upon registration allows for the effective protection of minors. Currently, it is only in Lower Austria that mandatory registration in the slot machine segment ensures maximum adherence to regulations for the protection of minors. Without this legal framework, NOVOMATIC is unable to install a comparable access system. Therefore, it cannot be ruled out entirely that minors might gain access to betting halls in the other federal states, despite the training received by our employees. An inspection commissioned by the Styrian Chamber of Labor has shown that the currently practiced anonymous participation in betting and gaming does lead to violations of laws for the protection of minors. However, the study also showed that in the ADMIRAL facilities, the identity of customers is checked in order to ensure protection of minors and that, in cases of transgressions, employees refused to take bets. We are constantly sensitizing our employees regarding compliance with regulations for the protection of minors. However, we firmly believe that it is absolutely necessary to introduce the legal framework for uniform, mandatory registration to all federal states.

In order to verify compliance with provisions for the protection of minors internally as well, we are currently developing a test scenario with underage testers in collaboration with the Viennese Representative for Children and Young Persons.

Stakeholder Involvement

NOVOMATIC attaches great importance to the promotion of an exchange of experiences between employees from the area of responsible gaming and individual Group companies. For three years, now, the annual Responsible Gaming Symposium has been held at the Novomatic Forum in Vienna. The list of participants includes prevention representatives as well as executives from all departments of the company. In addition to this, more and more external stakeholders and training partners have been invited to participate. The objective of the symposium is to inform employees on new developments regarding responsible gaming, as well as to promote

PLAYER PROTECTION MEASURES IN AUSTRIA (OVERVIEW OF FEDERAL STATES)



an exchange of experiences and reflect on the practical application of training content. Keynote speeches and panel discussions with external experts further assist in raising the level of awareness. For the last symposium, we were able to convince Dr. Marc Potenza, Professor at the Yale School of Medicine and Director of the Center of Excellence in Gambling Research, to be our keynote speaker.

Update: Responsible Gaming Internationally

The Group-wide implementation of the standards outlined in the Responsible Gaming Code constitutes a long-term project for which NOVOMATIC takes the legal framework conditions in the individual jurisdictions into account. On an international level, the trend is heading more and more toward mandatory customer registration, combined with strict regulatory requirements for the provider. Given these conditions, NOVOMATIC aims at positioning itself as a pioneer in this area.

Germany

During the year under review, ADMIRAL Sportwetten received the sports betting license for stationary sales as well as the

online segment in Schleswig-Holstein, in particular due to its comprehensive social and training concept. Experiences and competences gained over the course of the Austrian public tender for gaming concessions were leveraged for these submission documents. ADMIRAL Sportwetten also intends to apply for nationwide German licenses.



Czech Republic

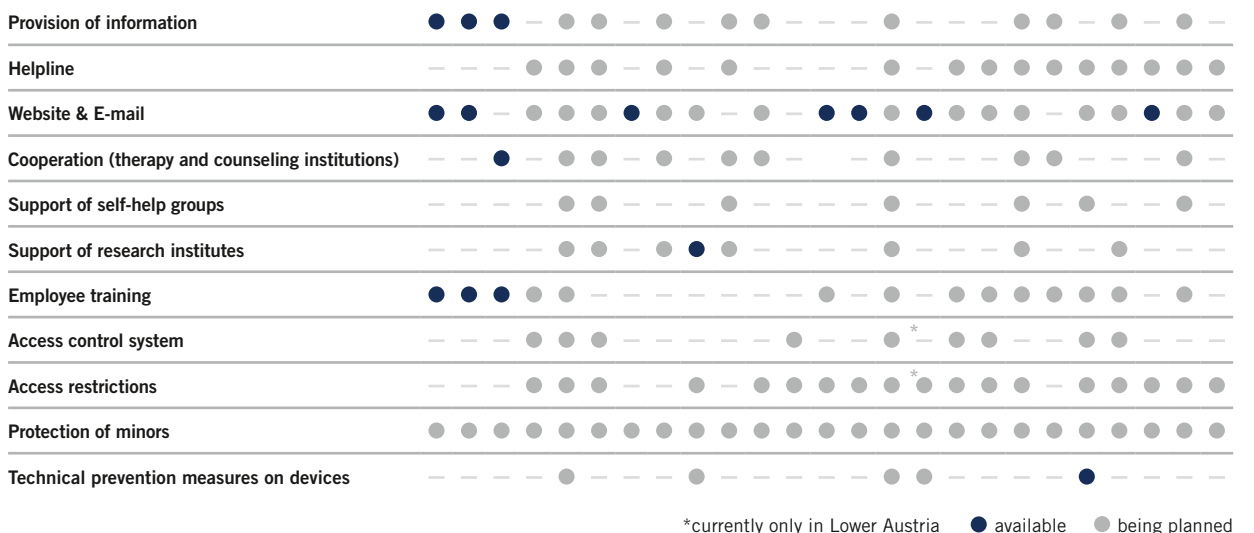
In the Czech Republic, our responsible gaming efforts were also advanced: we were able to enter into relationships with competent cooperation partners on the issue of gaming addiction to whom we can refer potentially at-risk players. In addition to this, we offer information brochures including self-tests promoting reflection on one's

gaming behavior. Employees are trained in the early detection and prevention of gaming addiction.

Poland

NOVOMATIC supports the advisory service for gaming issues made available by the Polish government. In addition to this, employees are trained in the early detection and prevention of gaming addiction, and this knowledge is verified at regular intervals.

RESPONSIBLE GAMING — MEASURES WORLDWIDE IN OPERATIVE MARKETS



South Africa

NOVOMATIC's subsidiary AGI Africa Pty Ltd is a member of the South African Gaming Manufacturers Association (SAGMA) and has close relationships with all casinos, gaming boards and gaming test laboratories in South Africa. SAGMA is currently introducing various measures including access restrictions. In addition to this, a web portal is being planned that will offer information on support and counseling institutions as well as and tips regarding a responsible approach to gaming.

Collaboration with Player Protection Institutions

NOVOMATIC is making constant efforts to optimize its cooperation with the established help system for the treatment of gaming addiction. The aims in cooperating with the help system include improving the transfer of problematic players. This referral to the help system and collaboration with the individual institutions will be subject to a systematic monitoring process from 2013 onwards.

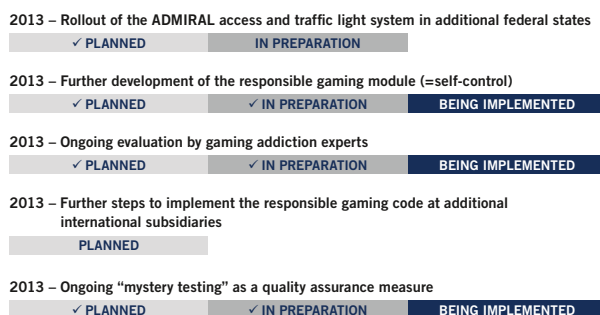
This will allow for conclusions regarding the effectiveness of our measures, in particular as to whether the employees are contributing effectively to the transfer of affected persons to the gambling therapy institutions.

The prevention tools employed by NOVOMATIC are also presented to representatives of the help system at regular intervals. Their evaluation constitutes part of a process of continuous improvement.

By financially supporting player protection institutions, NOVOMATIC is assuming social responsibility. Many institutions and initiatives for player protection rely on support in order to be able to perform their social and societal work.

From NOVOMATIC's point of view, it goes without saying that we support these initiatives, as we see ourselves as a partner in a joint solution to this public issue.

FIELDS OF ACTION





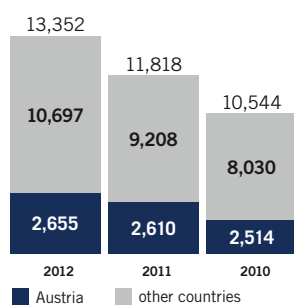
Employees

A corporate grant from NOVOMATIC enabled Austrian author Dr. Robert Menasse to spend time in Brussels doing the required research for his latest book, *Der europäische Landbote. Die Wut der Bürger und der Friede Europas* [The European Messenger. The Citizen's Rage and Europe's Peace]. Menasse's furious essay demands no less than "the invention of a new, postnational democracy."

WE LIVE OUR STRATEGY OF INVESTING LONG-TERM IN OUR EMPLOYEES.

With its unique portfolio of products and services, the NOVOMATIC Group is one of the global gaming industry's most successful companies. This long-term and sustainable corporate success is due chiefly to the commitment and skills of our employees. Innovation, service orientation and responsibility for society and the environment are major factors contributing to our Group's continued growth. Management therefore focuses strongly on targeted training and further education to help all employees continue developing their skills and competencies. Open dialog between employees on all levels of the hierarchy makes for a positive corporate culture in which problems are addressed and solved quickly.

AVERAGE NUMBER OF EMPLOYEES



On average, the NOVOMATIC Group and its subsidiaries had a total of 13,352 employees during 2012. The NOVOMATIC Group's total number of employees as at the balance sheet date was 13,857. Compared to the previous year, this is an increase by 14.9 percent, which is due to both the founding and the acquisition of new companies.

Key Employee Figures in Austria

In Austria, 2,695 employees and 30 temporary workers were employed at the end of the year 2012. At 18.1 percent, the turnover rate remained almost unchanged compared with the previous year. This indicator is influenced mainly by the high number of persons employed in gastronomy. The following table shows an exact overview and comparison of turnover rates in the specified companies:

TURNOVER RATES (ACCORDING TO GRI-LA 2)

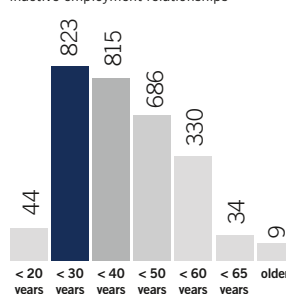
	2012	2011	2010		2012	2011	2010
Fluctuation	18.1%	17.8%	18.8%	Early fluctuation*	24.9%	26.2%	26.6%
Production + IT	9.6%	9.6%	6.1%	Production + IT	9.6%	9.5%	8.8%
Operations	23.8%	23.1%	27.1%	Operations	29.8%	32.3%	32.3%

* leaving company within the first year

Average employee age at the relevant Austrian companies (including those on maternity leave) is approximately 38 years, and the majority of the employees are between 20 and 40 years old.

AGE STRUCTURE, 2012

Number of employees in Austria including inactive employment relationships



- » Women make up 38 percent of our total workforce.
- » Approximately 190 persons are employed part-time.
- » Approximately ten percent of our employees have a university or technical college degree.
- » 97 percent of all employees in Austria are subject to a collective bargaining agreement.

Diversity

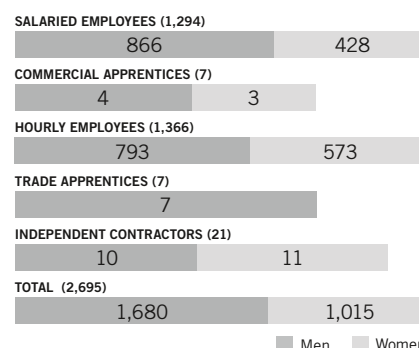
The diversity of our employees and executives is an integral part of our strategy and contributes to the sustainability of our corporate success. Approximately 2,700 employees from over 40 nations are responsible for

the development and production of our offerings as well as for gaming operations in Austria. Approximately 24 percent of NOVOMATIC's employees in Austria have a migratory background.

Recruiting

In 2012, we optimized our recruiting efforts and professionalized our applicant management activities. Approximately 3,700 applications were received and processed at our headquarters in Gumpoldskirchen. This is an increase of approximately 500 applications over the previous year and points to our attractiveness as an employer. International applications are entered into the database and forwarded to

EMPLOYMENT TREND, 2012



suitable companies.

In order to maintain and increase the high quality of our services in a global context, human resource management sets considerable store in recruiting employees who are capable of thinking and acting internationally. This is ensured by a sophisticated admission procedure: our proven recruiting process includes tests, interviews and hearings that are

KEY EMPLOYEE FIGURES FOR AUSTRIA

Number of employees in Austria excl. inactive employment relationships

	2012	2011	2010
Number of employees	2,695	2,670	2,533
Women	37.7	38.8	37.6
New employees	684	789	460
Average age	37.7	37.7	37
Immigrants	24.5	24.4	22.8
University graduates	9.6%	7.2%	7.7%

employed according to specific target groups.

In order to accelerate this positive trend, our target group-specific recruitment marketing activities were continued. For 2013, we are planning a further expansion and a realignment of our recruitment marketing (e.g. career website, online presences, etc.) in order

to continue recruiting motivated and qualified employees.

Training and Further Education

NOVOMATIC appreciates the unique characteristics and strengths of each employee. We therefore try to help each and every employee reach their full potential. The knowledge and competencies of our employees are critical to our success.

Training and further education represents a major component of our human resource efforts here at NOVOMATIC. Over the course of annual appraisals between employees and executives, the corporate and department goals are clarified, and the employees receive feedback on their past performance. In light of technological and organizational changes, qualification measures are indispensable. The scope and content of individual development measures are influenced strongly by operative requirements as well as by international standards and are agreed upon in talks with the respective executives. The NOVO-ACADEMY is certified according to ISO9001:2008, and its team supports us in organizing further education measures for all employees in a focused manner.

Language courses constitute one major focal point. Last year, 80 courses in ten languages were completed by approximately 100 employees in both an individual coaching and a group training context. Our goal for 2013 is the implementation of an education database.

Over the past year, our investments in education amounted to approximately 1 percent of our personnel expenses, which corresponds to approximately 400 Euros per employee. With the goal of improving our quality assurance, the NOVO-ACADEMY revised its procedures and developed e-learning processes.

In order to guarantee maximum satisfaction, our innovative products must be made available in the highest-possible quality. A major step in this direction was the introduction of our learning platform LMS (“Lernen mit System” = “Systematic Learning”). Currently, the following e-learning programs are available. Approximately 2,700 employees, of which 650 were located in Austria, completed at least one of them:

- » **Registration, Monitoring and Utilization** (LÖWEN Entertainment)
- » **Basic Employee Training** (HATÉ)
- » **Prevention of Gaming Addiction for Employees and Prevention Representatives** (ADMIRAL Operations)
- » **Protection of Minors** (LÖWEN Entertainment/Extra Games)
- » **Office Training** (NOVOMATIC AG / Austrian Gaming Industries)

Communication

NOVOMATIC focuses on both external and internal communication. In order to keep employees up-to-date regarding news about the company, our products and our markets, NOVOMATIC uses both classic and new communication technologies. Important information is provided to all employees quickly and clearly via our intranet (NOVONET). With the quarterly publication *NOVO-News*, employees also receive an overview of important information related to our corporate development.

Trainee Program

Qualified and motivated employees are an important investment in our future and ensure our long-term success. No matter whether they come from universities or technical colleges – NOVOMATIC is always on the lookout for motivated, qualified and committed graduates. The trainee program offers university graduates and young professionals the opportunity to get to know the company very well and form their own networks within the Group. During this one-year program, the main

emphasis is on developing an understanding of the NOVOMATIC Group in its enormous diversity, as well as of the interrelations between the individual specialist areas. The selection of talents was for the first time ever based upon an anonymous application process in order to ensure equal opportunities. This initial attempt is in line with the Group's strategy of merging diverse cultures and individual personalities into a single, collaborative team. In 2012, six young talents were offered the opportunity of applying their skills and capabilities within the Group. In the future, attracting highly qualified employees to the Group will most definitely remain a crucial success factor.

Apprentices

The recruitment and training of apprentices is of considerable importance, in particular in light of the shortage of skilled manpower that is forecast for all of Austria. This training program offers various benefits: we are able to fill vacant positions internally with qualified junior employees while at the same time demonstrating the social commitment of our company and positioning us as an attractive employer. In 2012, NOVOMATIC employed 14 apprentices in Austria. A special guide for apprentices makes it easy for newcomers to get an overview of their training, their perspectives and the company. The NOVOMATIC Group offers young people specialized development opportunities. In addition to this, they receive the opportunity to voluntarily take their vocational matriculation examinations (Berufsreifeprüfung) while completing their apprenticeship. In order to provide our apprentices with the best support possible, classes are held during working hours so that they do not constitute an additional burden (no evening courses are necessary, and there is no cost to the apprentices). The main objective, however, remains graduation from the final apprenticeship examination. With the goal of providing additional support for our apprentices, we will be introducing regular feedback loops with performance evaluations from 2013 onwards, so that the executive in charge can work together with the respective apprentice to initiate countermeasures as early as possible in cases where such need become apparent.

Occupational Health and Safety Management at the Gumpoldskirchen Facility

As a responsible and socially conscious employer, NOVOMATIC is particularly committed to occupational

health and safety as well as employee well-being. NOVOMATIC not only fulfils the requirements of statutory regulations on occupational health and safety, but also made numerous safety-related and social advances during 2012.

OCCUPATIONAL ACCIDENTS / FREQUENCY / RATE

Austrian Gaming Industries – Gumpoldskirchen site

ACCIDENTS – Number per year

7	2012
14	2011
10	2010

FREQUENCY – per 1 million hours worked

4.78	2012
9.74	2011
7.17	2010

RATE – per 1,000 employees

8.13	2012
16.56	2011
12.19	2010

In a production-oriented company such as NOVOMATIC, safety, noise protection and protective equipment in general are indispensable for employees. Regular inspection tours and workspace evaluations aim at avoiding accidents and health risks. Additional training, in the areas of first aid and evacuation procedures, for example, ensures the swift and smooth handling of any emergencies. We work together with our company physician to provide employees with regular consultations as well as expanded health offerings. In addition to health check-ups, which are offered on an annual basis and are very well received by our employees, health-related activities during 2012 also included vaccination campaigns and preventive counseling. These free services help our employees make their own contributions to their health. Safety and health continue to be very important factors at NOVOMATIC. It is therefore our goal to develop and implement further initiatives in this area. To this end, health management and occupational safety will be given special attention in 2013 so as to ensure that our employees are not just qualified and motivated, but also healthy.

FIELDS OF ACTION

Pilot measures for the development of management staff

✓ PLANNED	✓ IN PREPARATION	BEING IMPLEMENTED
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International rollout of e-Learning

✓ PLANNED	✓ IN PREPARATION	BEING IMPLEMENTED
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Development of Group-wide controlling for employee data

✓ PLANNED	IN PREPARATION
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Conception and implementation of a health program for the Gumpoldskirchen site

PLANNED

Group-wide management system for safety and health issues

PLANNED

Optimization of apprentice training

✓ PLANNED	IN PREPARATION
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Expansion/Optimization of the recruiting marketing strategy to increase attractiveness as an employer

✓ PLANNED	IN PREPARATION
-----------	----------------



Environment

In 2012, **Valentina Nafornită** received the NOVOMATIC scholarship at the Vienna State Opera. This scholarship supports the education of young vocal talents at Vienna's world-renowned opera house. Thanks to this established program, the arts and business have the opportunity to learn from each other – both in harmony and in unison.

WE TAKE RESPONSIBILITY FOR THE ENVIRONMENT AND STRIVE FOR ENERGY AND RESOURCE EFFICIENCY ALONG THE ENTIRE VALUE CHAIN.

Our Responsibility to the Environment

The development and production of innovative technology is a crucial element of NOVOMATIC's core business as an integrated gaming group. We possess state-of-the-art production facilities that allow a degree of vertical integration in excess of 90 percent. The responsible use of resources is therefore an essential component of our ability to continue living up to our goal of being a technology leader. During the year under review, preparations were made for an implementation of an environmental management system for the main Austrian Gaming Industries (AGI) production site in Gumpoldskirchen. This is meant to ensure the systematic and targeted future pursuit of environmental goals. The following key challenges for the Gumpoldskirchen site were identified:

- » **Ecological efficiency:** the objective is for the manufacturing of our products and services to be as environmentally friendly and resource-saving as possible.
- » **Energy-efficiency:** the objective is to minimize energy consumption via the identification of potential energy savings.
- » **Consciousness-raising:** the objective is to motivate our employees to support our environmental initiatives.

The measures and developments as well as data and figures presented here concern only Group headquarters and the Gumpoldskirchen production site of the wholly owned

subsidiary AGI. Uniform data collection concerning all environmentally relevant processes and materials cycles in the company will be initiated no earlier than 2014, together with the implementation of the environmental management system.

Only once provisions for consistent data collection have been established at Group headquarters will it be possible to expand this program within Austria in a meaningful way, after which it can expand further to include foreign subsidiaries.

Waste Management & Resource Efficiency

In 2012, the total amount of waste generated at Gumpoldskirchen remained virtually unchanged at 740.6 tons. The trend of past years has thus been continued: thanks to the improved sorting of refuse, the amount of non-recyclable waste is being constantly reduced, while other waste materials have remained invariable in comparison to last year.

With the pending implementation of the environmental management system according to ISO 14001, important topics such as waste management, the ecological optimization of materials cycles, and the improvement of energy efficiency will be monitored and documented. A few examples of the many projects aiming at waste avoidance and the improvement of our energy efficiency are presented below.

ENVIRONMENTAL POLICY

OUR COMMITMENT TO PEOPLE AND TO THE ENVIRONMENT

- » **We assume** responsibility for the environment, from corporate management down to each and every employee. Our executives are crucial role models for this sense of responsibility.
- » **We produce** innovative products and are **mindful** of eco-friendly design as early as the development phase.
- » **We inform** the public, as well as all employees, suppliers and stakeholders, regarding our environmental policy.
- » **We reduce** and **avoid** waste, **recycle** our products, and **work** to continuously optimize our waste management.
- » **We raise** our employees' level of awareness.
- » **We optimize** our environmental processes and achieve our environmental goals through targeted training and information.
- » **We encourage** our suppliers to also assume responsibility for the environment, and we support them in their efforts.
- » **We constantly evaluate** the environmental impact of our business processes. In doing so, we reduce our environmental footprint and save resources.
- » **We increase** energy efficiency via technical innovations and motivate our employees to adopt resource-saving behavior.
- » **We commit** ourselves to the maintenance of an environmental management system, thereby ensuring the continuous improvement of our environmental performance.



NOVOMATIC has a long tradition of promoting tennis as a mass sport. A particular focus in Austria is on wheelchair tennis. Here, talented players **Henriett Koósz** and **Josef Riedler** pose for our dynamic motif that highlights their well-honed athleticism.

Waste Reduction through Recycling

The paint cans used in our joinery are cleaned and recycled, rather than disposed of and deposited for a fee as hazardous waste. For CDs, we established a collection point. The recycling of optical data media makes sense from both a business and an environmental perspective, not least due to the fact that each disk corresponds to the commodity value of 30 grams of crude oil.

Resource Efficiency – Water

At Group headquarters, both the temperature of warm water and water pressure were lowered, and water-saving aerators are gradually being installed. This allows us to save 20 to 30 percent of the water and energy we use.

Energy Efficiency – Electricity

In the cafeteria, we installed night blinds in our cold storage room. This measure allows us to reduce their energy consumption by up to 30 percent.

Raising Awareness

We are currently working on an energy savings brochure aimed at sustainably reducing our energy and resource usage. Making our employees more conscious of such issues is still a significant challenge for NOVOMATIC. In the CSR newsletter *NOVO-News*, we address environmental issues on a regular basis.

Energy Efficiency Project

Electricity consumption in 2012 (Gumpoldskirchen)

8,775,000 kWh (8.78 gigawatt hours)

Natural gas consumption in 2012 (Gumpoldskirchen)

7,712,000 kWh (7.71 gigawatt hours)

Our energy suppliers indicate that the share of renewable primary energy sources was between 55.01 and 57.16 percent. During the reporting year 2012, measures were carried out that introduced database-supported energy monitoring and implemented an energy management system. In addition to this, individual steps are being undertaken to increase our energy efficiency.

These include positively influencing the user behavior of our employees via in-house environmental guidelines, as well as evaluating the feasibility of energy generation via waste heat utilization and/or onsite energy generation facilities.

WASTE QUANTITIES IN 2012

WASTE QUANTITY IN TONS AND CHANGE COMPARED TO 2011 IN %

- MINUS		
-56.1 %	9.21	Wood dust
-0.4 %	27.2	Electronic waste (non-hazardous)
-9.9 %	54.8	Scrap iron
-18.1 %	0.25	Oil-contaminated solids
-69.9 %	11.4	Glue and adhesives
-22.9 %	2.0	Used oil
-32.2 %	13.2	Developing baths
-20.9 %	1.1	Old varnish (containing solvents)
-42.9 %	0.4	Solvent mixture
-100 %	0	Rechargeable lead batteries
-6.9 %	17.5	Kitchen waste
-14.3 %	56.8	Plastic packaging and styrofoam

+ PLUS		
+10.6 %	133.5	Scrap wood
+24.6 %	35.9	Screens/monitors
+123.4 %	0.8	Fluorescent tubes
+112.1 %	1.2	Cables
+274.5 %	7.9	Circuit boards
+111.8 %	1.3	Dry and consumer batteries
+32.2 %	0.3	Aerosol cans
+99.7 %	2.2	Paint and varnish
+14.1 %	151.1	Cardboard packaging
+ 76.5 %	0.2	Used glass

/ SAME OR NO DATA FROM PREVIOUS YEAR		
0 %	0.9	Varnish and paint sludge
0 %	7.6	Oil separators
0 %	22.7	Grease separators

FIELDS OF ACTION

Analysis of separation of plastic

✓ PLANNED

Implementation of an environmental management system

✓ PLANNED IN PREPARATION

Analysis of IT systems' standby energy consumption (conference rooms, printers)

✓ PLANNED

Reduction of gaming devices' energy consumption

✓ PLANNED

Analysis of lighting at the office tower, replacement of fluorescent lamps with LED lamps

✓ PLANNED



Sustainable Business

The CliniClowns have set themselves the task of bringing a smile to the faces of seriously ill children and adults. NOVOMATIC supports this clown therapy throughout Austria, making work a little bit easier for Dr. Hänsel and his colleagues.

NOVOMATIC PURSUES A CONSISTENT GROWTH STRATEGY THROUGH SELECTIVE ACQUISITIONS AND ORGANIC GROWTH BASED ON SOLID FINANCING.

In its 32nd year of its existence, NOVOMATIC has come to be not only one of the most successful companies in Austria but also a vital contributor to regional and national value creation. Its considerable degree of vertical integration and its strategic decision to locate one of the most important production sites and its center for research and development in Gumpoldskirchen, Austria, are just two examples of NOVOMATIC's sustainable business approach. The company pursues a clear and consistent growth strategy through selective acquisitions and organic growth while maintaining a moderate level of debt. NOVOMATIC also creates value in an international context.

With production locations in five countries, seven competence centers worldwide and own gaming operations in more than 30 countries, NOVOMATIC ensures the existence of nearly 14,000 jobs. NOVOMATIC is active only in regulated markets and emphasizes close cooperation with local gaming authorities. Bucking the international trend towards outsourcing, the companies of the NOVOMATIC AG Group do not let go of their most valuable resource, instead producing both hardware and software internally.

The developers at NOVOMATIC possess excellent know-how regarding technological equipment, game design, gaming algorithms and customized solutions for market-specific requirements. As an international trendsetter and innovator, NOVOMATIC has been consistently investing far more than the industry average in research and development for many years now via Group company Austrian Gaming Industries GmbH. At more than 90 percent, the degree of vertical integration is extraordinarily high.

The company has made a conscious decision not to follow the prevailing trend of outsourcing and, as a result, secures highly qualified and attractive jobs in Austria even during difficult

economic times. Leading international companies such as NOVOMATIC also play an important role as part of Austria's economic backbone, representing important hubs of innovation and economic dynamism. In its economic networking with a multitude of small and medium-sized businesses, the NOVOMATIC Group is also creating additional jobs within these companies, triggering both value creation and innovation.

Active Investor Relations

Especially during turbulent economic times marked by strong disruptions on the international capital markets, active and above all open dialog with investors and interested members of the public is absolutely crucial.

In addition to the mandatory disclosures stipulated by law, NOVOMATIC employs further means and channels of commu-

nication in order to ensure a transparent and timely flow of information to all stakeholders.

The Group treasury department is responsible for investor relations (IR) and financial communication at NOVOMATIC and ensures that all relevant stakeholders, such as bond investors, banks and financial media, always receive up-to-date information about the company.



NOVOMATIC BONDS

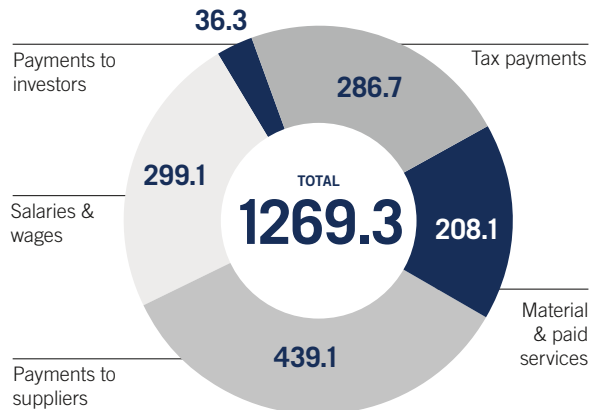
IN MILLION EUR

	ISIN	Amounts	Maturity	Interest Rate
2010–2015	AT0000A0G3Z9	200	5 years	4.50% p.a.
2010–2015	AT0000A0KSM6	150	7 years	5.00% p.a.
2013–2019	AT0000A0XSN7	250	6 years	4.00% p.a.
*2005–2012	AT0000492962	150	7 years	3.75% p.a.

*already amortized

CASH FLOW WORLDWIDE, 2012

IN MILLION EUR



At the center of these target groups' interest lies the positive development of corporate value. NOVOMATIC's IR efforts aim at providing the financial community with all the information (corporate reports, presentations, IR web pages, etc.) it needs to make the best-possible appraisal of the development of the company's value

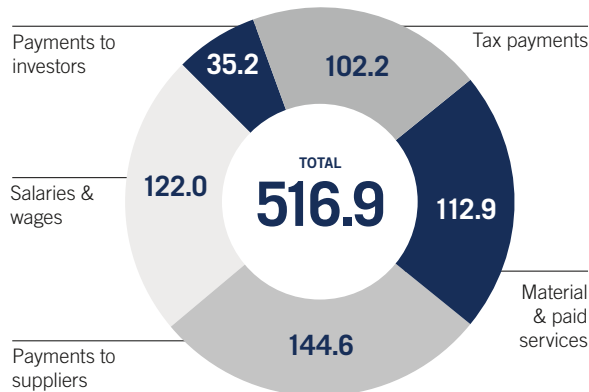
Value Creation in Austria and in an International Context

A study conducted by the Federation of Austrian Industries in 2011 highlights the role of leading international companies such as NOVOMATIC as economic multipliers and drivers of innovation. This study shows that in Austria, 1 million euros of value creation generated by a leading company led to additional value creation of 2.1 million euros in small and medium-sized businesses. One job created by a leading company guarantees an additional 2.3 jobs at other Austrian companies.

The figures from financial year 2012 prove NOVOMATIC's macroeconomic significance as a leading company and economic factor in Austria. Austria-wide, the payments to suppliers and business partners in the context of ongoing business operations totaled 144.6 million euros. If the expenses for materials and related services arising directly from the product creation are taken into consideration, then NOVOMATIC's suppliers and business partners generated turnover of 257.5 million euros in the reporting year 2012.

CASH FLOW IN AUSTRIA, 2012

IN MILLION EUR



The sums of money remitted to public authorities are also considerable. Gaming taxes paid in Austria amounted to 53.6 million euros last year, with overall tax expense amounting to 102.2 million euros.

NOVOMATIC is a guarantor of secure jobs; total wages and salaries paid in Austria amounted to 122.0 million euros. With respect to issued bonds, NOVOMATIC paid out 21.0 million euros to investors, with total payments to creditors amounting to 35.2 million euros. NOVOMATIC invests in innovation and thus in the future of the company.

With investments in research and development considerably higher than the industry average, NOVOMATIC is maintaining its position as the industry's innovation leader.

With production facilities and competence centers in Austria, Germany, Great Britain, Poland, Hungary, Russia and Argentina, as well as sales and distribution activities in more than 60 countries, NOVOMATIC also makes a significant contribution to creating and securing jobs on an international level.

Around 14,000 NOVOMATIC AG employees around the world collected wages and salaries amounting to 299.1 million euros.

Payments to suppliers and business partners amounted to 647.1 million euros during fiscal year 2012, of which



208.1 million euros were spent on materials and product-related services. On an international level, the Group's tax payments during 2012 contributed 286.7 million euros to public budgets.

Sustainable Financing

Sustainability is an important element of NOVOMATIC's corporate strategy. In accordance with this principle, our financing strategy is also long-term and conservative in nature.

A solid level of debt, a high equity ratio and large liquidity reserves in the form of revolving usable credit lines and short-term investments make up this strategy's central components.

NOVOMATIC sets great store in having an internationally diversified investor base in order to limit liquidity and financing risk. Investments were made in accordance with the Group's similarly conservative investment strategy – that is to say, exclusively with banks with good credit ratings so as to minimize the risk of capital loss.

The Austrian capital market is an important source of financing for the NOVOMATIC Group. The Group has already issued four corporate bonds amounting to a total of 750 million euros, and these enjoyed high demand among Austrian private investors. With this, NOVOMATIC

is among the regular issuers on the Austrian capital market. Securing profitability is accorded central priority, since it is only in this way that NOVOMATIC can uphold its responsibility to its stakeholders over the long term.

NOVOMATIC's key figures indicate that its combination of a consistent growth strategy with a conservative financing strategy has proven to be a successful one.

This long-term financing, the commitment to headquarters in Austria and the conscious decision in favor of a high degree of vertical integration in own production facilities form part of a sustainable business strategy that ensures long-term corporate success and makes a significant contribution to society.

FIELDS OF ACTION

By 2014 – Increased acquisition of international investors		
✓ PLANNED	✓ IN PREPARATION	BEING IMPLEMENTED
By 2013 – Increased focus on capital markets		
✓ PLANNED	✓ IN PREPARATION	ONGOING



Code of Conduct

To produce her solo album *Love and Madness – The Spirit of Opera*, full-voiced prima donna Natalia Ushakova received support from NOVOMATIC. The costume worn by the Russian vocal talent to our photo shoot is more than one hundred years old.

THE CODE OF CONDUCT IS BINDING FOR ALL OF NOVOMATIC AG'S BUSINESS SEGMENTS AND DEPARTMENTS AND REFLECTS THE COMPANY'S MORAL VALUES.

The Code of Conduct as a Cornerstone of the Compliance System

The foundation of the Group-wide compliance system is the Code of Conduct – encompassing behavioral guidelines that are binding for all of NOVOMATIC AG's business segments and departments. This code covers those compliance issues that are most important for our line of business.

It includes instructions on legally and ethically correct employee behavior and applies to all employees at all levels of the hierarchy. For the Group-wide rollout of the Code of Conduct, several translated versions were necessary in order to offer the Code to employees in their respective native tongues.

Clear Positioning against Corruption

As the company is actively and resolutely opposed to corruption, corporate management deemed it very important to use the Code of Conduct to clearly state its unequivocal commitment to fighting corruption in all its manifestations; this commitment receives prominent emphasis in the Code's foreword.

Further Areas of Risk

The Code of Conduct deals with further issues that could have negative consequences for the Group. These include laws on competition, industrial property rights, money laundering and privacy protection.

Embedding the Compliance Structure in the Company

In order to make it easier for employees to get in touch, the Code of Conduct specifies persons responsible for the individual subjects addressed. NOVOMATIC's compliance manager acts as the central point of contact for questions and comments regarding this matter. He is also responsible for the Code of Conduct's further development and distribution.

Feedback from Employees and Business Partners

The suggestions and comments provided by our employees and business partners are important to us. It is only with their help that we can remedy weaknesses and irregularities within the company. An E-mail contact option, available to the entire Group, ensures that such knowledge reaches the right recipient and does not get lost.

Group-wide Training

The e-learning training program on the Code of Conduct is the first-ever such program to be rolled out across the entire Group. NOVOMATIC's e-learning training system ensures that each employee receives practical examples targeted to his or her individual area of activity (management function, sales, purchasing, basis).

In addition to this, employees in Gumpoldskirchen have been receiving personal training since September 2012. Further personal training sessions are geared to executives.

Enterprise Risk Management & Internal Controlling System

Due to its worldwide business operations, our Group is subject to strategic and operating risks. In order to manage these risks in a conscious and targeted manner, NOVOMATIC has implemented a uniform, Group-wide risk management system based on the principles established by the "Enterprise Risk Management – Integrated Framework" (COSO). The objective of risk management is to identify and analyze risk at an early stage in order to be in a position to actively take countermeasures. As a part of risk management, internal controlling structures were implemented and integrated into the operational processes, allowing for the effective control of operating risks. The objective of this "Internal Controlling System" is to ensure the proper functioning of corporate processes.



The Novomatic Forum

At the Novomatic Forum, business, art, culture and science enter into an intensive dialog and ensure fascinating and high-quality entertainment. Interdisciplinary cooperation opens up new perspectives on various topics originating in all artistic fields. With this, the Novomatic Forum has been providing (a) space for myriad new opportunities.

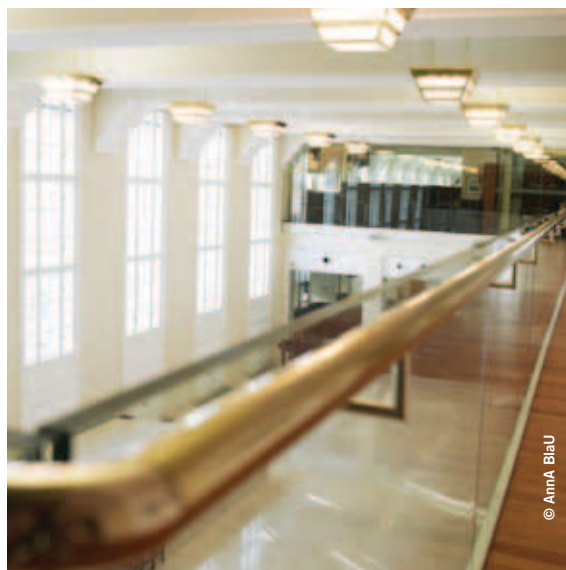
A PLACE FOR DIALOG BETWEEN BUSINESS, CULTURE AND CIVIL SOCIETY IN THE HEART OF VIENNA. THE NOVOMATIC FORUM OPENS UP NEW HORIZONS.

Over the past few years, the Novomatic Forum has established itself as a meeting place in the heart of Vienna for culture, business and science. Thanks to careful renovations that paid special attention to preserving the building's original substance and special art deco charm, this architectural jewel now shines as a perfect event location at the intersection of tradition and modernity.

With the Forum, NOVOMATIC breaks new ground for cultural sponsorship, turning this event location into an integral component of its social responsibility.

Since its inception during the summer of 2009, it has not only been open to the public for seminars and conventions, but also offered a lavish setting for countless exhibitions, cultural events and panel discussions.

The Novomatic Forum views itself as a symbolic roof over NOVOMATIC's multifaceted CSR activities. As a prestigious venue, it underlines their importance and relevance.



With this, the Novomatic Forum is establishing itself as a center for dialog between business, civil society, the arts and culture.

Further information, as well as a 360° panoramic tour, is available on our website at www.novomaticforum.com.



BOOK PRESENTATION: THE EUROPEAN COURIER

Dr. Robert Menasse presented his new book *Der Europäische Landbote. Die Wut der Bürger und der Friede Europas* [The European Messenger. The Citizen's Rage and Europe's Peace] at the Novomatic Forum before an enthusiastic audience.

09/27

12/15



MISSISS X-MAS CONCERT

MisSiss invited guests to a very special kind of Christmas concert. Together with stars of the national and international music scenes as well as the Soulistics, she performed the most popular Christmas songs and gospels.

05/23



**PROGRAM PRESENTATION
NÖ-LANDESTHEATER**

In the presence of Erwin Pröll, Alexander Wächter, Franz Wohlfahrt and Adi Hirschal, the program of the NÖ-Landestheater (State Theater of Lower Austria) was presented at the Novomatic Forum.

10/16



YOUNG ART AUCTION, 2012

For art collectors, this auction – which offers the young art scene’s “high potentials” a place to present their work – has assumed a pioneering role within the Austrian artistic scene.

03/28



AUGUST WALLA! WELTALLENDE – EXHIBITION

Dr. Erwin Pröll, Governor of Lower Austria, at his inaugural address together with Museum Director Prof. Dr. Johann Feilacher and Mag. Nina Katschnig, Location Manager and Managing Director of the Gugging Gallery.

12/06



INAUGURATION OF THE ANGELS EXHIBITION AT THE NOVOMATIC FORUM

The opening of the exhibition ANGELS – Love, Inspiration and Growth, which showed works by Florian Weingärtner, was moderated by Claudia Stöckl and accompanied by a meditative lecture. In keeping with its theme, this exhibition was formally blessed by Cathedral Priest Toni Faber.

06/21



10TH AUSTRIAN EXPORT DAY

NOVOMATIC supported the 10th Austrian Export Day at the Austrian Chamber of Commerce. The export award, which is presented at this event every year, acknowledges outstanding efforts by domestic entrepreneurs in foreign markets.

05/21



ÖZIV SPONSORING AT THE VIENNA STATE OPERA

On the occasion of a performance of *La clemenza di Tito*, a donation was made to the Austrian Association of Civilian Handicapped in order help them advance the concerns of people with disabilities and their families.

09/02



OLYMPIC CHAMPION ROBERT HARTING

As a supporter of the Internationales Stadionfest (ISTAF) in Berlin, CEO Franz Wohlfahrt met Olympic discus throwing champion Robert Harting to congratulate him on his athletic prowess.

12/17



CHRISTMAS PARTY WITH ANDREAS GABALIER

A very special guest took center stage at NOVOMATIC's 2012 Christmas party. Andreas Gabalier, the popular folk rock 'n' roller, sang a song for the NOVOMATIC employees in attendance. His performance delighted CEO Franz Wohlfahrt.

10/21



ERSTE BANK OPEN VIENNA

On the traditional NOVOMATIC Day of the Erste Bank Open in Vienna, CEO Franz Wohlfahrt presented a donation to the Referat Rollstuhltennis Österreich (Austrian Wheelchair Tennis Association) in support of its promotion of tennis as a popular sport.

THE MAKING OF THE CSR Portraits

Coherent and artful depictions of the projects supported by NOVOMATIC and the people behind these institutions took center stage in this year's pictorial concept. The goal was to use a sophisticated play of light to create a connection between the project, its protagonist(s) and the Novomatic Forum. The atmospheric setting was created with considerable attention to detail by photographer Jürgen Knoth.

p 46–47



The young, up-and-coming Austrian talents on the roster of the UPC Vienna Capitals posing in the Novomatic Forum ballroom.

p 74



Prima donna Natalia Ushakova in an atmospheric setting by an upright piano on the historic building's second floor.

p 68



Henriett Kóosz and Josef Riedler getting prepared for their dynamic picture in the ballroom's gallery.

p 66



Photographer Jürgen Knoth talking to Valentina Naforniță on the extraordinary set.

Report Parameters and Contact Details

The NOVOMATIC AG CSR Report is published every year at the end of April, together with the Annual Report. Recent reports are available online at www.novomatic.com/csr. The data and information contained in this report pertain to the 2012 calendar year.

In selecting topics and setting priorities, we gave consideration to significant stakeholder interests and assigned relative weightings to aspects of our business activities that have a material impact on the environment, on society and on stakeholders.

The weighting of the topics was done with consideration of NOVOMATIC's core business and the company's central strategic challenges. Input from stakeholder meetings and internal discussions were incorporated into the weighting of the topics. The guidelines of the technical GRI protocol on the determination of this report's boundaries were applied with limitations. However, a systematization of the determination of report content was initiated.

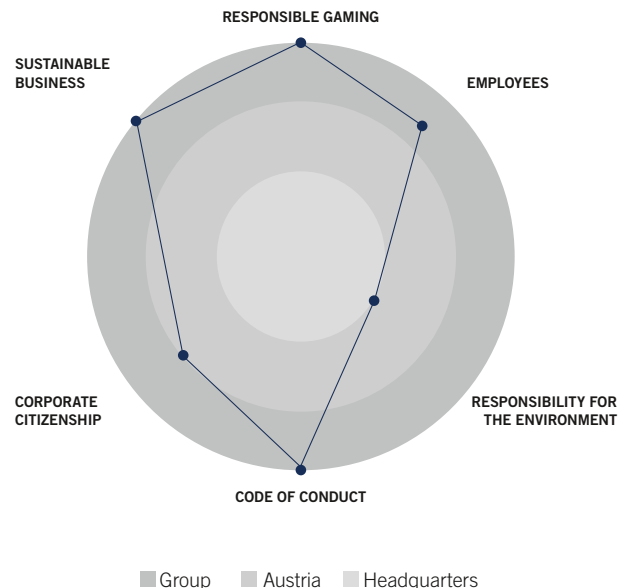
Individual indicators from the GRI guidelines were adapted to the specific circumstances within the company and applied accordingly.

Due to the largely autonomous way in which our subsidiaries operate, the data is not yet uniformly comparable. The report boundaries are therefore not uniform across all topics covered, for which reason they are illustrated in the graph here on the right.

We still plan to expand the database to the Group level, but we regard this as a long-term project. For reasons of confidentiality, we do not publish any information relating to investments in research and development. Similarly, NOVOMATIC has made a conscious decision not to publish the amounts that it invests in sponsorship and social initiatives, as we prefer to draw attention to the results and successes of our partnerships rather than to the financial assets deployed.

BOUNDARIES OF THE REPORT

THE REPORTING BOUNDARIES WERE DEFINED DIFFERENTLY FOR THE VARIOUS TOPICS



Dr. Monika Racek (Head of CSR) can be contacted for questions, suggestions and critical feedback at csr@novomatic.com. We would like to explicitly invite our readers to enter into dialog with us and we look forward to feedback and constructive criticism regarding our report.

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* reported partially ** indicator adjusted

"No sustainable development without transparency" is the motto of the Global Reporting Initiative (GRI). The Global Reporting Initiative provides an extensive reporting framework in close collaboration with the UN Global Compact. The guidelines of the Global Reporting Initiative make it possible for companies to give account of their economic, ecological and social achievements in the form of a sustainability report. With our orientation toward the GRI guidelines (third generation), NOVOMATIC indicates its commitment to transparency and internationally comparable reporting standards.

The present report fulfils the requirements for Application Level C of the Global Reporting Initiative. In addition, we voluntarily submitted our report for review by an external partner. You can find additional information on the Global Reporting Initiative at: www.globalreporting.org

Required Criteria	Levels of Application		C	C+	B	B+	A	A+
	G3 Profile disclosures	OUTPUT	Report on: 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15	If report externally assured	Report on: all criteria listed for level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17	If report externally assured	Same as requirement for level B	If report externally assured
G3 Management Approach Disclosures	OUTPUT	No disclosure of the management approach.	The management approach is disclosed for every indicator category.		The management approach is disclosed for every indicator category.			
G3 Performance Indicators and Sector Supplement Performance Indicators	OUTPUT	Report on a minimum of 10 G3 core performance indicators, including at least one each from the economic, environmental and social categories.	Report on a minimum of 20 G3 core performance indicators, including at least one each from the Economic, Environmental, Human rights, Labor, Society and Product Responsibility categories.		Disclosures for all G3 core indicators and each Sector Supplement Indicator, with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.			

INDEPENDENT LIMITED ASSURANCE

Statement

on certain aspects of the NOVOMATIC CSR Report 2012

We have reviewed the data and information disclosed in the chapters “Corporate Citizenship,” “Responsible Gaming,” “Employees,” “Sustainable Business” and “Code of Conduct” of the NOVOMATIC CSR Report 2012.

The report and the underlying procedures, systems and structures, including subject matters and criteria, are the responsibility of NOVOMATIC’s management. Our responsibility is to issue a conclusion based on our review.

We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and the expert opinion of the Professional Committee for Corporate Law and Audits on Carrying Out Other Reviews (KFS/PG 13) in order to obtain limited assurance on the subject matter covered by the assignment. The scope in a limited assurance engagement is more limited than in a reasonable assurance engagement, for which reason a lesser degree of assurance can be obtained.

This engagement was performed on the basis of the “General Conditions of Contract for the Public Accounting Professions,” as issued by the Chamber of Public Accountants and Tax Advisors in Austria on 21 February 2011 (AAB 2011). According to Section 8 of the AAB 2011, our liability is limited to willful intent and gross negligence. In the event of gross negligence, the maximum liability is limited to EUR 726,730. This amount constitutes a total maximum liability cap which may only be utilized up to this maximum amount even if there is more than one claimant or more than one claim has been asserted.

Subject Matters

We have reviewed the data and information disclosed in the chapters “Corporate Citizenship,” “Responsible Gaming,” “Employees,” “Sustainable Business” and “Code of Conduct,” whereas the review was limited to the data and information covering Austria.

Criteria

Based on an assessment of materiality and risk, we have evaluated the information and documents obtained with regard to the conformity of the subject matters to the following criteria: relevance/materiality, balance, comparability, accuracy, reliability, clarity

Proceedings

Our work included analytical procedures as well as interviews with employees from the headquarters in Gumpoldskirchen specified by the NOVOMATIC Board of Directors.

Limitation of Reliability of the Review

Our engagement is limited to the data and information disclosed in the chapters “Corporate Citizenship,” “Responsible Gaming,” “Employees,” “Sustainable Business” and “Code of Conduct” with regard to Austria. We have not performed any assurance procedures on other data or information presented in the Report. We have not reviewed comparative data derived from previous sustainability reports. The scope of our review was limited to samples. Our work was performed on a sample basis as we deemed necessary in the particular case, but did not include any substantial testing. Therefore, the assurance that we obtained from our evidence gathering procedures is limited.

Conclusion

Based on our work described above, nothing has come to our attention that causes us to believe that data and information in the chapters “Corporate Citizenship,” “Responsible Gaming,” “Employees,” “Sustainable Business” and “Code of Conduct” regarding Austria are not appropriately disclosed.

Mag. Gerhard Marterbauer
Financial Auditor

p.p.a. Dipl.-Ing. Hannes Senft
Engagement Manager

Vienna, 29 April 2013
Deloitte Audit / Wirtschaftsprüfungs GmbH



044

CONSOLIDATED FINANCIAL STATEMENT NOVOMATIC AG-GROUP

MANAGEMENT REPORT ON THE 2012 INDIVIDUAL FINANCIAL STATEMENT
AND CONSOLIDATED FINANCIAL STATEMENT
CONSOLIDATED BALANCE SHEET
CONSOLIDATED INCOME STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONSOLIDATED CASH FLOW STATEMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF THE EXECUTIVE BOARD
AUDITOR'S REPORT

NOVOMATIC AG

Management Report

on the 2012 Individual Financial Statement and Consolidated Financial Statement, NOVOMATIC AG, Gumpoldskirchen

1. Economic Conditions

Four years after the beginning of the global financial crisis, the world economy is still struggling to overcome the consequences of the severe recession. According to calculations provided by the World Bank, the global real gross domestic product (GDP) increased by a mere 2.3% in 2012, following a plus of 2.7% in 2011.

As in the previous years, this increase was mainly carried by the emerging growth regions, with China, India and Latin America acting as the main drivers. In light of the weakening global economic situation, however, these markets have found themselves struggling with declining demand from the large developed countries, as well.

While the developed nations USA and Japan achieved a moderate growth of 2.2% and 1.9%, respectively, in 2012, Europe again fell back into a recession.

During the year under review, the economic performance in the European Union declined by 0.3%. Even more disappointing, however, was the development in the euro zone countries, which together registered a decline in gross domestic product by 0.6%.

In the summer of 2012, the European sovereign debt crisis reached a new peak. The political uncertainty leading into the elections in Greece, the increasing unemployment, which was intensified by the restrictive fiscal policy in most European countries, as well as the urgently needed recapitalization of credit institutes by governments triggered a heightened insecurity among investors and consumers alike. The risk sensitivity of investors regarding fiscal imbalances, which had been on the rise since the beginning of the financial crisis, resulted in a drastic and sudden difficulty for governments to access

refinancing options, causing the interest rates on government bonds issued by the southern peripheral countries to rise ominously. In the end, the danger of a disintegration of the monetary union was only averted when the European Central Bank announced that it would purchase euro zone government bonds in unlimited quantities.

According to the European Commission's current forecast, economic growth is returning only gradually – contrary to what has been expected and despite the condition of the EU financial market, which has improved considerably since the summer of 2012. After a disappointing second half of the year 2012, a slow growth of merely 0.1% is expected for the EU during 2013. For the euro zone, however, a decline in economic performance by 0.3% must be anticipated.

In 2012, Austria was one of only a few member states of the European Union that were able to defy the downward trend, achieving a slight growth of 0.7%. For the year 2013, the European Commission expects a similar development in Austria. As one of the main pillars of the domestic economy, the export sector will benefit from the gradually improving economic environment, while the productivity of the domestic industry will remain competitive, as unit labor costs increase only moderately.

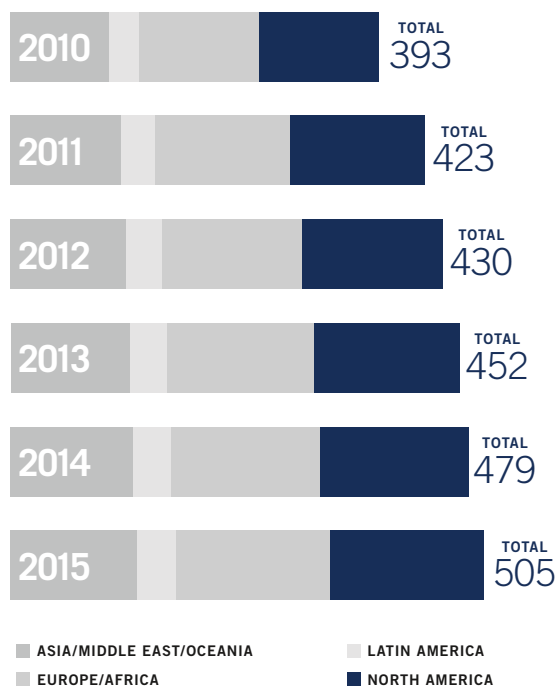
2. Developments and Trends in Gaming

According to a study carried out by GBGC (Global Betting and Gaming Consultants), the global gaming market continued its growth in 2012. With an increase of 2%, however, growth has slowed considerably compared to the previous years. In 2011, the global gaming expenditures exceeded the USD 400 billion mark for the first time, while in 2012 a new record high of USD 430 billion was achieved.

For the year 2015, GBGC projects a further increase of global gaming expenditures to more than USD 500 billion, provided that the currently emerging economic recovery proves to be sustainable.

GLOBAL GAMING TURNOVER

IN BILLION USD (SOURCE: GBGC)



According to GBGC calculations, the European gaming market recorded a decrease in gaming expenditures by 4% in 2012. While individual gaming segments were able to post considerable gains despite the crisis (the Italian lotteries, for example, achieved a gain of more than 20%), the European gaming industry as a whole was not able to escape the negative economic environment.

For the coming years, GBGC expects a considerable recovery in Europe, with annual growth rates of up to 5%. Apart from further growth in the casino segment and the market for gaming devices outside of casinos, which in Europe carries even greater importance (in particular regarding gaming machine salons, bars, etc.), the continent will, above all, benefit from the trend towards online gaming.

Since the early days, Europe has always taken on the role of a pioneer regarding the statutory regulation of online gaming.

In the year 2012 alone, 15 European countries introduced or adapted new legal frameworks for online gaming with the goal of benefiting from this market. The EU Commission estimates that this segment will grow at a rate of 15% per year. It is projected that the volume of the global online gaming market (sports betting, casino, poker, bingo, lotteries) will exceed the mark of USD 40 billion by the year 2015, with Europe accounting for approximately half of this volume.

For the Latin American market, the experts at GBGC expect gaming turnover to continue increasing by 10% annually. This trend is mainly supported by countries such as Chile, Peru, Columbia and Paraguay, which enjoy stable economic and legal conditions. In contrast, and contrary to the development during the past few years, countries such as Argentina and Ecuador will no longer contribute to the growth in this region. While in Argentina rumors of a nationalization of the gaming industry spread during the summer of 2012 and the overall investment climate is hostile, Ecuador closed all of its casino operations in 2012, after a previously held referendum had approved a complete prohibition of gaming.

The North American gaming market is mainly dominated by the casino sector. Together with the Native American gaming sector (tribal casinos and bingo halls), which during the past decade in particular increased strongly, this market accounts for more than 60% of the entire local gaming turnover.

Recently, numerous US states have legalized individual gaming sectors in an effort to reduce their budget deficits. After the states of Maine, Ohio and Maryland created the required legal framework for commercial gaming in 2011 and 2012, only two states (Hawaii and Utah) are left, which prohibit any type of gaming.

The trend towards an opening of the market is currently also clearly visible in the area of online gaming. The states of Nevada and New Jersey, for example, recently passed laws allowing for a legalization of online poker. The states of Delaware and New Jersey also passed laws legalizing the market for online casino gaming, and several further states are considering following this example.

With a share of 36%, the Asia-Pacific region has become the most important gaming market worldwide, and this trend can be expected to strengthen during the years to come.

Apart from the emerging gaming metropolis of Singapore, Macau and the Philippines are among the most dynamic regions. On Macau's gaming mile, the Cotai Strip (which mimics the Las Vegas "Strip"), the construction of a casino complex with an investment volume of USD 2.5 billion is currently being planned. The turnover generated on Macau's Cotai Strip has grown to a level which is more than six times higher than the revenues generated on the original Strip in Las Vegas.

With the opening of a Casino in Manila Bay (investment value of USD 1.2 billion) and the planned construction of three further casinos, Credit Suisse estimates that the gaming sector in the Philippines is set to overtake the Singapore market in size as early as 2018.

In general, the Asian region is currently undergoing a boom phase: an ambitious casino resort project has been announced in South Korea, in Taiwan the population in a referendum has agreed to the future erection of casinos, and in Japan the legalization of casinos is currently being prepared. To what extent these new major projects will actually generate additional turnover growth or whether they will simply result in shifts within the region remains to be seen.

The rapid development of the online gaming industry is mainly driven by technological progress. The development of new high-performance smartphones and tablet computer models, combined with the availability of continuously improving broadband offerings, is causing a structural shift within the gaming industry. The trend towards so-called "mobile devices" is also confirmed by the market research firms IDC and Gartner, which show that in the fourth quarter of 2012 PC sales were down by 6%, because consumers prefer mobile devices (in particular tablet PCs). These new technical developments allow a completely new mobile online gaming experience, which will mainly be interesting for games such as poker, casino and bingo, as these tend to require a higher broadband capacity.

3. General Corporate Development

3.1. ROUGH ANALYSIS OF IMPORTANT BUSINESS DEVELOPMENT AND OVERVIEW OF FINANCIAL DATA

NOVOMATIC AG is the holding company of a globally operating gaming group that pursues an integrated market strategy as a manufacturer and operator as well as a content

provider of games for licensed online and offline providers. During the reporting period, the company successfully retained and built on its position both as Europe's leading integrated gaming group and high-tech developer of gaming equipment, and as a top player in the industry globally.

The company's dual strategy as a manufacturer of state-of-the-art gaming equipment and as an operator of casinos, electronic casinos and sports betting outlets again proved to be particularly well-suited to this market environment which is still suffering from the effects of the recession. Overall, the general economic situation in NOVOMATIC AG's markets was challenging throughout the year 2012. While in individual markets such as Italy the gaming-related taxes increased considerably, Hungary changed its existing gaming law unexpectedly and without any transitional period in October 2012, prohibiting the operation of gaming equipment outside of casinos.

During the year 2012, the NOVOMATIC AG Group was able to further improve its position within the ranking of the top branded companies in Austria. In the Austrian brand value study "Eurobrand Austria 2012", NOVOMATIC took fourth place with a brand value of EUR 2.3 billion (2011: fifth place). The NOVOMATIC AG Group is the only company which has managed to improve its brand value consistently over nine consecutive years. With a plus of 4% in 2012, it was again among the top 3 companies with the strongest relative growth compared to the same period of the previous year.

With the goal of demonstrating responsibility in a sensitive industry, NOVOMATIC developed a Responsible Gaming Code during 2012, which for the first time ever is binding for the entire group. This guideline and the supporting measures derived therefrom aim at informing customers and partners as thoroughly as possible, while ensuring compulsory training for employees regarding the handling of problematic players and the options available to offer them help.

In addition to this, the technologically innovative ADMIRAL access and traffic light system has been in use in Lower Austria since November 2012. By consistently registering all customers, this, for the first time ever, lays the groundwork for personalized measures to prevent addiction, from the recognition of an addiction to interventions and the

introduction of the persons affected into the support system (in collaboration with qualified, scientific and independent player protection institutions).

Consolidated Financial Statement

NOVOMATIC AG's consolidated financial statement has been prepared according to the reporting and valuation principles of IFRS (International Financial Reporting Standards).

INCOME STATEMENT

(CONDENSED VERSION WITH SELECTED POSITIONS) MIO EUR

	2012	2011	Difference in %
Revenues	1,536.7	1,386.8	10.8
Material cost and cost for purchased services	-208.1	-216.7	-4.0
Personnel costs	-374.5	-312.3	19.9
Other operating expenses (including gaming taxes)	-626.8	-575.8	8.9
EBITDA (= earnings before interest, taxes, depreciation and amortization)	531.0	490.9	8.2
EBITDA margin in %	34.6	35.4	
Depreciation and amortization	-242.0	-236.3	2.4
EBIT (=operating profit)	288.9	254.5	13.5
Financial result	-16.0	-39.4	59.3
Earnings before taxes	272.9	215.1	26.9
Profit after taxes	194.3	160.3	21.2

Revenues and Earnings Performance

For the fiscal year 2012, the NOVOMATIC AG Group's revenue reached an historic high of EUR 1,536.7 million, representing an increase of 10.8% in comparison to the previous year. A major contribution to this positive development came from gaming machine income, which is included in the Gaming Operations segment and rose by 11.9%. Further growth was recorded in sales revenue, which increased by 18.4%, and rental revenues (both included in the Gaming Technology segment), which posted a plus of 6.2%. The increase in sales revenues by EUR 21.8 million is on the one hand the result of an acquisition in Great Britain, which was completed in 2012 (Bell-Fruit Games), and on the other hand due to higher average revenues per device sold.

During the year under review, the inventories of finished goods and work in progress were reduced by EUR 5.7 million. In addition to this, material expenditures were reduced by EUR 8.6 million against the previous year to a level of EUR 208.1 million. The increased personnel costs were caused by strong

growth in Italy, the acquisition in Great Britain, the implementation of a new remuneration program, as well as bonus payments made by individual Group companies.

In terms of other operating expenses (including gaming taxes), there was an increase by EUR 51.0 million to EUR 626.8 million in 2012. The main drivers of this increase were the expenses for gaming-related taxes and other non-earnings-related taxes, which rose by EUR 26.5 million in comparison to the previous year. Depreciations and amortizations across the Group increased by EUR 5.7 million in comparison to the previous year. This position also includes the EUR 3.1 million extraordinary depreciation on property, plant and equipment in Hungary (due to the passed law prohibiting gaming).

The EBITDA for 2012 was EUR 531.0 million, an improvement of EUR 40.1 million or 8.2% in comparison to the previous year. This corresponds to an EBITDA margin of 34.6%, compared to 35.4% in 2011. The operating profit (EBIT) was increased by 13.5% or EUR 34.6 million to EUR 288.9 million.

DEVELOPMENT OF REVENUES & EBIT

MIO EUR

Revenues

1,536.7	2012
---------	------

1,386.8	2011
---------	------

EBIT

288.9	2012
-------	------

254.5	2011
-------	------

The financial result reached a value of EUR -16.0 million, which corresponds to an improvement of EUR 23.4 million over the previous year. In 2011, higher financial expenses were incurred in relation with the acquisition of the Greentube Group. This negative non-recurring effect no longer applied in 2012, resulting in an improved financial result.

In addition to this, the interest expenses came in lower during the year under review due to the repayment of the bond which matured in October 2012. After consideration of tax expenditures amounting to EUR 78.5 million, the Group was left with a profit after taxes of EUR 194.3 million for the year 2012, an increase by 21.2% over the previous year.

Cash Flow

Across the Group, cash flow from operational activities totaled EUR 391.3 million in 2012, compared to EUR 430.3 million in the previous year. This negative change was mainly due to an increase in receivables. Cash flow from investment activities amounted to EUR -296.1 million in the year under review, while the comparative figure for the year 2011 amounted to EUR -237.0 million. Apart from numerous further deviations from the previous year's numbers, this result was mainly due to increased cash outflows for the purchase of financial assets and other financial investments.

The cash flow from financing activities amounted to EUR -238.7 million in 2012, that is a decrease of EUR 281.8 million in comparison to the previous year. This deviation is due to increased cash inflows during the year 2011 (inclusion of a promissory note bond, as well as drawn credit lines) and the cash outflow caused by the repayment of the bond which matured in October 2012. The free cash flow is again positive at EUR 95.2 million, albeit below the previous year's level of EUR 193.3 million.

BALANCE SHEET (CONDENSED VERSION)

MIO EUR

	2012	2011	Difference in %
ASSETS			
Non-current assets	1,431.6	1,274.4	12.3
Current assets	791.2	909.3	-13.0
Balance Sheet Total	2,222.9	2,183.7	1.8
LIABILITIES			
Equity	974.3	841.5	15.8
Non-current liabilities and provisions	852.6	772.4	10.4
Current liabilities and provisions	396.0	569.8	-30.5
Balance Sheet Total	2,222.9	2,183.7	1.8

Balance Sheet Structure

The balance sheet total rose by EUR 39.1 million in comparison to 31 December 2011 and amounted to EUR 2,222.9 million as of 31 December 2012. In terms of non-current assets, the intangible assets increased by EUR 23.2 million to EUR 272.1 million. A significant share of this change is due to licenses and concessions related to business activity in Germany.

Property, plant and equipment increased by EUR 48.4 million over the previous year, with the largest contribution coming from properties and buildings in Austria and the USA.

Current assets decreased significantly in 2012, down EUR 118.1 million from the previous year's level. The accumulated cash on hand was used for the repayment of the bond which was due in October 2012.

During the reporting period, equity capital rose by EUR 132.7 million to EUR 974.3 million, of which EUR 35.8 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), the capital reserves (amounting to EUR 1.0 million), retained earnings (amounting to EUR 933.5 million), the valuation reserve as per IAS 39 (amounting to EUR 5.3 million) and the currency translation adjustment (amounting to EUR -27.3 million). As of the balance sheet date,

the equity capital ratio was 43.8%, compared to 38.5% in the previous year, while the return on equity rose to 19.9%. Due to a restructuring of the Group finances, the non-current liabilities increased by EUR 80.2 million, while the current liabilities dropped markedly by EUR 173.8 million. This shift was caused by the refinancing of the short-term loan facilities through long-term loans, as well as the repayment of the bond during the year 2012

Investments

INVESTMENTS

	2012	2011
Intangible assets	27.3	56.8
Property, plant and equipment	248.7	235.5
Total investments	276.0	292.3

The Group's total investment activity amounted to EUR 276.0 million in 2012, of which EUR 27.3 million was invested in intangible assets and EUR 248.7 million in property, plant and equipment. In comparison to the previous year, this corresponds to a decrease in investment of EUR 16.3 million.

The largest share of investments in property, plant and equipment was in gaming devices, manufactured (mostly) in-house, with investments of EUR 132.6 million. Investments in intangible assets in 2012 consisted mainly of investments in software, which amounted to EUR 16.9 million.

SELECTED GROUP KEY FIGURES

	2012	2011
Equity capital ratio (equity capital / balance sheet total)	43.8 %	38.5 %
Return on equity (parent company shareholder result / equity capital)	19.9 %	18.7 %
Return on assets (annual profit + interest cost) / balance sheet total	10.4 %	8.9 %
Working capital (current assets - current liabilities) in million EUR	395.3	339.5
Net debt (non-current financial liabilities + current financial liabilities - cash and cash equivalents) in million EUR	463.9	451.5
Net debt to EBITDA (net debt / EBITDA)	0.87	0.92
Interest coverage ratio (EBIT / interest expense)	7.97	7.38
Asset coverage (equity capital / non-current assets)	68.1 %	66.0 %

3.2. SEGMENT ANALYSIS WITH INFORMATION ON KEY SEGMENT DATA

3.2.1. SEGMENT REPORTING CONTENTS

During the fiscal year 2012, segment reporting was restructured at the Group level. In accordance with the NOVOMATIC Group's dual business strategy, the reportable segments will be presented in the following manner from the year under review onwards:

Segment "Gaming Technology"

The previous areas of "Sales" and "Rental", which merely represent different sales channels in the individual countries, but follow similar business objectives, are combined. The sales channel "Online" is also reported here, as far as it refers to the B2B segment.

Segment "Gaming Operations"

The previous areas of "Gaming Operations" and "Betting" are combined. The sales channel "Online" is also reported here, as far as it refers to the B2C segment.

3.2.2. GAMING TECHNOLOGY

General

Rental of gaming devices is an important element of the dual strategy pursued by the NOVOMATIC AG Group. The Group has the objective of only renting its own products in selected market segments rather than selling them. The external revenues in the Gaming Technology segment amounted to EUR 673.2 million in the year under review, representing a significant increase in comparison to the previous year (EUR 612.8 million). The greatest contributions to this development came from the acquisition of certain assets of the Danoptra Gaming Group in Great Britain, the strong growth achieved by Adria Gaming Services S.r.l. in Italy and the Greentube Group in the B2B online segment.

Europa

Austria

During the year 2012, the sales revenues as well as the revenues from rental to third-party customers within Austria were slightly below the previous year's level. However, these revenues only play a secondary role in Austria because, in the majority of cases, gaming machines are rented to the Group's own operating companies.

Germany

The German State Treaty on Gaming was signed by 15 of the 16 German federal states at the end of 2011 and came into effect as of 01 July 2012. For the first time ever, commercial gaming was also included. In addition to this, the state laws on gaming salons apply as implementing laws of the State Treaty on Changes to Gaming. Only the State of Schleswig-Holstein chose a considerably more liberal path as of 01 January 2012, before joining the State Treaty on Gaming in January 2013. Despite its commencement, the State Treaty on Gaming is controversial from a European legal perspective, and future amendments cannot be ruled out.

The requirements of the above-mentioned laws, such as off-time provisions, advertising bans, the prohibition of the placement of ATMs, etc. apply immediately and to all customers equally. The total number of gaming devices operated in Germany is expected to decrease, although higher device utilization rates may partially offset this development.

The focus of the German Group companies is on the owner-operation of electronic casinos and the rental of gaming machines. This strategy was continued successfully throughout the year 2012.

In Germany, the NOVOMATIC AG Group has held a share of more than 50% of the market for commercial gaming devices for a long time. Thanks to the subsidiary companies LÖWEN Entertainment GmbH and Crown Technologies GmbH's attractive range of products and successful sales strategy, revenues of EUR 359.6 million were achieved in 2012.

The lion's share of this, EUR 281.2 million, came from LÖWEN Entertainment GmbH, which managed to maintain the number of rentals at a very high level despite the stricter regulatory environment during the year under review.

Italy

In 2012, the number of rented gaming devices was increased considerably in Italy.

This was mainly achieved through the consistent continuation of the roll-out of video lottery terminals (VLTs). Due to a considerable increase of gaming-related taxes as of January 2012, however, the takings came in noticeably lower.

In 2012, the companies Adria Gaming International S.p.A., Adria Gaming Services S.r.l. and Allstar Italiana S.r.l., which fall into the Gaming Technology segment, were able to increase their rental revenues by 29% compared to the previous year.

A settlement was reached for a lawsuit, which had been lodged against Group company Adria Gaming Services S.r.l. by an Italian concessionaire at the beginning of the year 2012.

Great Britain

During the reporting period, the Gaming Technology segment achieved revenues of EUR 45.3 million in Great Britain, compared to EUR 17.9 million during the previous year. This increase in revenues was mainly due to an acquisition completed during the second half of 2012. The wholly owned subsidiary of the NOVOMATIC AG Group, Astra Games Limited, headquartered in Wales, acquired significant parts of the integrated British gaming group Danoptra Gaming Group in July 2012.

With the acquisition of the assets of the four companies Gamestec Leisure, Bell-Fruit Games, Mazooma Interactive Games and RLMS Sales, the Astra Group has become a market leader on the British gaming market, both as a producer and as a distributor and has more than 15,000 rented gaming terminals.

Spain

The Spanish market is of great interest to the NOVOMATIC AG Group. The strategy pursued aims at carefully expanding the market know-how and infrastructure for the future market presence.

The new headquarters in Madrid were inaugurated, and the local research team was expanded further. The success of the measures implemented to date is reflected in the sales revenues, which during the year 2012 were increased considerably to EUR 5.6 million.

Lithuania

The revenues of Group company Azarto Technika UAB for the year 2012 amounted to EUR 5.5 million, which corresponds to an increase of 31% over the previous year's result.

Hungary

In Hungary, rental revenues dropped from the previous year's level to EUR 1.9 million. This decline is due to the increase of gaming-related taxes on the one hand and to the surprising changes to gaming legislation on the other. In mid-October 2012, Hungary changed its existing gaming law unexpectedly and without any transitional period, prohibiting the operation of gaming equipment outside of casinos.

Online – Greentube Group

The Greentube Group was able to increase its B2B revenues for the fiscal year 2012 in comparison to the same period of the previous year. This business segment offers further growth potential, in particular due to the growing number of jurisdictions currently legalizing online gaming.

International

Peru

Due to new legislation regarding online networking of gaming devices, the demand increased in 2012. As a result, Crown Gaming S.A.C. achieved a strong increase in revenue by EUR 7.8 million to EUR 17.7 million.

Columbia

With its increasingly stable economic and legal conditions, Columbia is one of the NOVOMATIC AG Group's most promising markets in Latin America. AGI Gaming Colombia S.A.S. was able to continue its sales success during the year under review, achieving revenues of EUR 8.5 million.

South Africa

Despite a difficult macroeconomic backdrop, AGI Africa Ltd. was able to achieve a very positive business development. Revenues from both the sale and the rental of gaming devices were increased considerably during the fiscal year 2012.

USA

With the establishment of NOVOMATIC Americas Holdings Inc. and two further subsidiaries in April 2012, the foundation for a careful market entry was laid, as well as a better base from which to target the Latin American market. However, no significant revenues can be expected before the year 2013.

3.2.3. GAMING OPERATIONS

General

The external revenues in the Gaming Operations segment amounted to EUR 863.1 million in the year under review, representing a significant increase in comparison to the previous year (EUR 772.7 million). The largest contributions to this result came from the operational companies in Germany, Italy and Austria.

Europe

Austria

In 2012, Lower Austria and Upper Austria awarded licenses for state-licensed machines as per § 5 of the new Gaming Act (Glücksspielgesetz, GSpG). Admiral Casinos & Entertainment AG, a wholly owned subsidiary of NOVOMATIC AG, was able to obtain a license in both federal states. In Upper Austria, appeals with suspensive effect have been lodged. Due to this, it was not possible to commence the roll-out of gaming devices during the reporting period. In Lower Austria, however, Admiral Casinos & Entertainment AG has been successively opening electronic casinos since November 2012.

Austrian Gaming Industries GmbH's gaming operations were also able to maintain their position well in the difficult market environment thanks to organic growth at the three locations in Vienna in 2012. The gaming machine income for Austrian Gaming Industries GmbH in this segment amounted to a total of EUR 118.3 million, representing a further increase compared to the previous year.

In the year under review, HTM Hotel und Tourismus Management GmbH (HTM) had 84 branches in Vienna. At all locations, gaming devices are operated subject to federal state gaming regulations. In Lower Austria, the number of locations was increased from 41 in the previous year to 48 at the end of 2012. In November 2012, Sportwetten Pirker GmbH was merged with HTM.

Wett Café Betriebsgesellschaft m.b.H. has 30 branches in Styria, where gaming devices are operated and sports betting is conducted under the auspices of federal-state gaming regulations.

Both HTM Hotel und Tourismus Management GmbH and Wett Café Betriebsgesellschaft m.b.H once again exhibited positive

corporate development in 2012, with stable turnover and earnings situations despite the difficult market environment. In 2012, HTM Hotel und Tourismus Management GmbH achieved revenues amounting to EUR 121.5 million, while Wett Café Betriebsgesellschaft m.b.H made EUR 42.9 million.

Admiral Sportwetten GmbH achieved a gross yield from betting of EUR 35.1 million in 2012, representing an increase of 13% in comparison to the previous year. This was due to the European Soccer Championship in June 2012, as well as to large revenue increases achieved by the sales channels betting terminals (+36% vs. 2011) and Internet betting (+28% vs. 2011). As of 31 December 2012, 195 betting locations were in operation in all 9 federal states (own and franchise branches).

Germany

The NOVOMATIC AG Group's German gaming operations were again able to reinforce their strong position during the year under review. Both the casinos operated by the Spielbank Berlin group and the operating companies in the area of commercial machine gaming were able to grow their revenues organically.

Extra Games Entertainment GmbH, which is involved in commercial gaming, was able to further expand the number of its electronic casinos in 2012, despite the difficult market environment created by legislative changes. Extra Games achieved sales revenue of EUR 134.2 million from these operations.

BPA Freizeit und Unterhaltungsbetriebe GmbH, which mainly operates electronic casinos in Bavaria, was able to increase its revenues to EUR 16.7 million.

During 2012, the recently renamed parent company LÖWEN Entertainment GmbH (previously: NSM-LÖWEN Entertainment GmbH) acquired an additional interest of 5% in BPA and therefore now holds 100% of the company's shares.

At the beginning of October 2012, a 95% interest in Admiral Play GmbH with headquarters in Düsseldorf was acquired.

The company operates 45 electronic casinos in the German federal states of North Rhine-Westphalia and Rhineland-Palatinate.

In addition to this, the company Admiral Sportwetten GmbH, a wholly owned subsidiary of the Austrian company of the same name, was founded in Germany in January 2012. This company was able to obtain a valid license for stationary and online sales of sports bets in the federal state of Schleswig-Holstein.

Italy

During the year under review, the growth trend in Italy resulted in an increase in the number of electronic casinos operated by the Group from 70 in the previous year to 118 locations in 2012. Parallel to this, the number of devices operated increased from approximately 2,000 to more than 3,000.

All in all, the revenues of the Italian gaming operations and the concessionaire G. Matica S.r.l., which also falls into the Gaming Operations segment, reached a new record high of EUR 64.8 million.

Latvia

The continued positive economic development in Latvia, with some of the highest GDP growth rates in Europe, as well as the location optimization and cost savings measures carried out during the previous years resulted in a considerable improvement of revenues and earnings.

The operational companies, which run 125 electronic casinos, were able to increase their revenues considerably, posting 13% growth over the previous year's level.

Hungary

In October 2012, Hungary changed its existing gaming law unexpectedly and without any transitional period, prohibiting the operation of gaming machines outside of casinos. Up to this point in time, the NOVOMATIC AG Group had been operating 13 electronic casinos in Hungary, which were closed when the changes to the law came in force.

Albania

In Albania, the number of operational locations was further reduced during 2012. Due to this location optimization, the revenues for the year 2012 totaled EUR 19.0 million, below the previous year's level.

Macedonia

The expansion in Macedonia was continued and the number

of operational locations was further increased compared to the previous year. The general recovery of the market, as well as the optimization measures that were initiated, resulted in considerable revenue improvements. For 2012, revenues in the Gaming Operations segment increased by 35% to EUR 11.5 million.

Croatia

In Croatia, the number of operational locations was increased slightly. Thanks to further optimization measures, revenues in the area of gaming operations were increased to EUR 30.0 million.

Romania

In 2012, the gaming market in Romania developed positively. For the year under review, revenues of EUR 18.1 million were achieved. The revenues of EUR 15.3 million generated by SC Intertop s.r.l. contributed a significant share to this result. In 2012, it was possible to increase the number of operational locations considerably.

Online – Greentube Group

Due to the disposal of two subsidiaries during fiscal year 2012, the revenues of the B2C online business declined. Adjusted for this special effect, however, the previous year's positive trend continued. As further areas of business are being developed, this segment offers potential for further growth in the future.

International

Chile

During fiscal year 2012, the Monticello Grand Casino in Chile was able to continue its positive trend begun in the previous year as well as increase its revenues considerably.

With a share of almost 28% of the overall market (i.e., 15 Chilean casinos), this location continues to hold the clear leadership position within the Chilean gaming industry. This shareholding is shown in the Consolidated Financial Statement as an associated company.

Peru

With more than 70,000 gaming devices and a stable regulatory framework, the Peruvian gaming market is of particular importance to the NOVOMATIC AG Group. During fiscal year 2012, the subsidiaries active within the Gaming Operations segment were able to benefit from this environment and

inaugurated five additional locations. The number of gaming devices operated has passed the mark of 2,000, and revenues were increased considerably.

3.3. ANALYSIS OF FINANCIAL DATA FROM THE INDIVIDUAL FINANCIAL STATEMENT

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 AG 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 Group's intellectual property rights as well as of significant amounts of the Group's property portfolio in Austria.

Revenue and Earnings Performance

During the past fiscal year, NOVOMATIC AG increased its revenues by 41.5% over the previous year's level to total EUR 65.9 million. The most significant deviation was in licensing income from affiliated companies.

Personnel expenses increased over the previous year's value to EUR 24.8 million. The main reason for this was the implementation of a new remuneration program. The other operating expenses increased by EUR 15.5 million during the reporting period. This deviation is due mainly to the higher expenses for research and development.

Earnings before interest, taxes, and depreciation and amortization (EBITDA) dropped to EUR 4.6 million, and the EBITDA margin came in at 7.0%.

As a result of increased investment activity, primarily in intangible assets, depreciation and amortization increased by EUR 2.5 million to EUR 20.8 million.

The financial result increased significantly by EUR 101.6 million to EUR 166.8 million, essentially due to higher dividends. After the addition of income taxes amounting to EUR 6.1 million, taking the Group taxation into consideration, the net income for the year was EUR 156.8 million, in comparison to EUR 68.3 million in 2011.

Assets Position

Fixed assets increased by EUR 93.9 million over the previous year to total EUR 950.4 million. This increase was attributable mainly to the financial assets, in particular to the items investments in affiliated companies and other loans.

REVENUE AND EARNINGS PERFORMANCE

MIO EUR

Financial Key Figures	2012	2011	Change in %
Revenues	65.9	46.6	41.5
Personnel expenses	24.8	8.4	196.8
Depreciation and amortization	20.8	18.3	13.9
Other operating expenses	38.8	23.3	66.3
EBITDA	4.6	16.2	-71.3
EBITDA margin in %	7.0	34.7	
Financial result	166.8	65.2	155.9
Net income for the year	156.8	68.3	129.7

Compared to the previous year, current assets dropped by EUR 111.1 million to EUR 186.3 million. Due to the repayment of NOVOMATIC AG's EUR 150 million bond which matured in October 2012, the accumulated cash on hand was reduced significantly to a level of EUR 26.0 million as of the end of 2012.

Compared to the previous year, the receivables from affiliated companies increased by EUR 35.3 million, while the other receivables and assets posted a plus of EUR 16.9 million.

Prepaid expenses and deferred charges went from EUR 5.5 million to EUR 6.7 million during the reporting period. This development is attributable to an increase in deferred tax assets. All in all, the balance sheet total declined slightly from EUR 1,159.5 million as of 31 December 2011 to EUR 1,143.4 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, retained profits of EUR 281.2 million and untaxed reserves amounting to EUR 0.1 million being taken into consideration, equity capital increased to EUR 309.9 million.

The equity capital share of total capital now amounts to 27.1%, compared to 17.5% in the previous year.

Liabilities declined by EUR 134.2 million to EUR 810.3 million during the last fiscal year.

The most important change was the reduction of bond liabilities from EUR 500.0 million to EUR 350.0 million due to the repayment of NOVOMATIC AG's bond that was due in October 2012. During fiscal year 2012, the provisions increased by EUR 11.3 million, with the largest contribution to this development stemming from provisions for severance payments and other provisions.

3.4. NON-FINANCIAL PERFORMANCE INDICATORS

Employee issues

During the reporting year of 2012, the number of employees at NOVOMATIC AG Group increased by 14.9% to 13,857. This increase is attributable to a further expansion of foreign activities. NOVOMATIC AG itself had 69 employees as of the balance sheet date.

In Austria, the share of female employees was approximately 40%, while in the foreign subsidiaries it was considerably higher at approximately 54%. With respect to age groups, the composition of the work force is balanced. In the Austrian companies, the average employee is approximately 38 years old.

The NOVOMATIC AG Group employs individuals from various nationalities, and their different perspectives, their knowledge and their experiences are an important driver of innovation and creativity. In order to take this diversity into consideration as well as possible during the recruiting process, the selection of trainees was, for the first time ever, based upon an anonymous application method. At its core, this strategy aims at motivating and retaining employees and at utilizing their individual strengths to achieve the Group's corporate goals.

In addition to organizational flexibility, well-trained and committed employees are the most important factor in NOVOMATIC AG Group's success. Through individual training and further education measures, it is ensured that future challenges in a complex environment are overcome as effectively as possible. The Group's internal further education programs are continuously adjusted and focus mainly on occupation-specific and technical issues. In this context, the e-learning activities are being continued and firmly established within a learning management platform.

During the past fiscal year, apprentice training in Austria was developed further and optimized. In this context, the concept of "apprenticeships with Matura" was also implemented. The objective of these measures is to ensure that both the apprentices and the company are guaranteed comprehensive and optimal professional training. In order to continue to make the Group attractive to highly skilled and motivated employees, the recruitment marketing strategy was expanded further, and a new employer branding concept was developed.

All vacant positions were filled quickly thanks to appropriate recruiting activities and optimized applicant management. When compared directly to industry peers, the fluctuation rate can be considered low.

3.5. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Bond

In January 2013, NOVOMATIC AG issued its fourth and largest bond ever, with an emission volume of EUR 250 million. It has a maturity of six years and an interest rate of 4 % p.a.

This transaction met with very high interest among investors, and an extraordinarily large portion of the total volume was placed abroad, which reflects the positive international awareness NOVOMATIC AG enjoys as an established issuer.

ICE 2013

In early February 2013, the NOVOMATIC AG Group showcased numerous new products at ICE Totally Gaming in London, the largest and most important gaming trade show worldwide. At the trade show, which for the first time ever was held in the ExCeL Exhibition Centre, NOVOMATIC caused a lot of buzz among the visitors with the largest booth ever erected at a gaming trade show anywhere. Apart from numerous further product innovations, it was in particular the "Dominator" model that attracted a lot of interest among visitors due to its innovative cabinet design.

Acquisitions

In January 2013, an 80% interest in So.ge.slot S.p.A., an Italian group of companies specialized in the operation of gaming devices, was acquired. The objective of this acquisition was to secure the NOVOMATIC AG Group's continued growth on the Italian market and to make the most of potential synergies with existing Italian Group companies.

In February 2013, 100% of the shares of a company that develops gaming apps for the iPhone platform and sells these through the Apple Store was acquired. The acquisition of this company will reinforce the area of Mobile Gaming within the NOVOMATIC AG Group and ensure a transfer of know-how in the areas of Mobile Development and Mobile Customer Marketing and Retention.

Reallocation of Concessions and Authorizations

With the amendment to the Austrian Gaming Act, so-called "low-stakes gaming" on machines was also newly regulated.

Following the federal states of Lower Austria and Upper Austria, February 2013 saw Carinthia decide to issue licenses in accordance with the new tendering regulations. Based upon this, Admiral Casinos & Entertainment AG (ACE AG), a wholly-owned subsidiary of NOVOMATIC AG, obtained a license to operate 325 gaming devices in electronic casinos. The approval came into effect on 13 March and is valid for a period of 15 years

4. Prospective Development of the Group

For fiscal year 2013, the NOVOMATIC AG Group expects to continue its growth trend despite the pessimistic economic outlook. The core markets of Austria, Germany and Italy will make a major contribution to continued stable development.

In Austria, Admiral Casinos & Entertainment AG will continue its roll-out of gaming devices based upon the federal state licenses granted.

Regarding the 15 casino concessions to be awarded in accordance with the Austrian Gaming Act, the so-called "City Package" was awarded in December of the reporting year. The Federal Ministry of Finance, which is in charge of gaming, granted the permit for the operation of one casino each at the locations of Bregenz, Innsbruck, Salzburg, Graz, Linz and Vienna to the previous concessionaire. The NOVOMATIC AG Group has lodged an appeal against this decision with Austria's Supreme Court. The decision regarding the grant of concessions for the so-called "Country Package" is expected to be made during 2013.

In Germany, slightly declining market development is expected. In this regard it should be noted that the legal situation, which has changed due to the new State Treaty on Gaming, could have a medium-term impact on business success in the area of commercial gaming and casinos. For financial year 2013, however, no major losses are expected.

Due to the continued roll-out of video lottery terminals and the expansion and optimization of gaming operations, further revenue increases are expected for the Italian market. The additional hike in Italian gaming taxes at the beginning of 2013, however, should exert an increasing pressure on earnings margins.

For the CEE and SEE markets, overall revenue development comparable with that of 2012 is expected. The Hungarian market, however, will be discontinued completely due to the prohibition of the operation of gaming devices outside of casinos that came into effect there in October of the previous year.

In light of the mostly stable economic and legal conditions in Central and South America, favorable revenue development in these countries is expected for 2013. Only in Chile is a slight decrease in revenue expected (at least in the short term) due to the non-smoker protection legislation which came into effect as of 1 March 2013.

In the area of Online Gaming, significant growth is expected for the coming years. This growth is to be achieved via the acquisition of further companies in this sector as well as by generating organic growth within the Greentube Group.

5. 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 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 also exist potential legal risks with regard to lawsuits related to pathological gaming and 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 be recognized either not 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.

6. Use of Financial Instruments

Financial instruments are contracts that result in a financial asset for one company and a financial liability or equity instrument for another company.

These include original financial instruments such as trade receivables and liabilities, financial receivables and financial liabilities, and derivative financial instruments for hedging against risks from changes in exchange rates and interest rates.

The NOVOMATIC AG Group strives to maintain an internationally diverse investor base. For this purpose,

the business relationships with international banks and financial service providers were further expanded during the 2012 reporting period.

In addition to traditional loan financing, the NOVOMATIC AG Group is making increased use of capital market-based external financing. In terms of liabilities, the NOVOMATIC AG Group's financial instruments employed for the reporting period of 2012 included bilateral credit lines, syndicated credit facilities (syndicated loans), bonds, promissory note bonds and OeKB equity financing, which was transacted in July 2012. The loan amounts to EUR 20.0 million and has a maturity of seven years and eleven months.

On 4 July 2012, NOVOMATIC AG fully paid back and ended a revolving consortium credit facility from 6 July 2007 in the amount of EUR 100 million. This credit facility was already refinanced and expanded through new credit lines with a total volume of EUR 190 million in May 2012.

NOVOMATIC AG's bond amounting to EUR 150 million, which was due on 11 October 2012, was repaid as agreed. In preparation for a further capital market transaction, a base prospectus for an emission program of EUR 500 million by NOVOMATIC AG was created and received approval by the Austrian Financial Market Authority on 19 December 2012.

Current trade liabilities are paid for out of operative cash flow. In addition to this, the syndicated credit lines can be drawn on a revolving basis and used for working capital financing, if necessary.

With regard to assets, the NOVOMATIC AG Group's financial assets during the reporting period 2012 included money market investments, current asset shares and bonds, and precious metals.

In order to reduce NOVOMATIC AG's refinancing risk, financial means are constantly being put aside in order to ensure the repayment of the main financial liabilities due during the upcoming years. As part of its debt financing activities, NOVOMATIC AG is subject to the risk of changes in interest rates, and – as part of its general business activities – to changes in exchange rates. Changes to interest rates and/or exchange rates can have a positive or a negative effect on both the value of financial instruments (present value risk) and the cash flows generated by such financial instruments (cash flow risk).

In order to limit interest rate risks, current interest rate trends are constantly monitored, and interest rates risks are hedged if required.

In order to limit currency risks, changes in the relevant exchange rates are monitored on an ongoing basis for transactions that are conducted in foreign currencies. If necessary, the resulting exchange rate risks are hedged in order to minimize the risk of exchange rate losses.

Exchange rate risks are hedged primarily through naturally closed positions (natural hedge), where for example trade receivables denominated in USD are matched against trade liabilities denominated in USD (purchases of materials). Regarding exchange rate risks from operating activities, the NOVOMATIC AG Group is in a USD net contributor position due to the material payments that are invoiced in USD.

In order to hedge its interest and exchange rate risks, the NOVOMATIC AG Group also employs financial derivative instruments.

The use of financial derivatives is regulated by a guideline approved by the Board. The respective financial transactions are concluded only with contracting parties that have a good credit rating. The assessment of derivative financial instruments has been supported by a treasury management system that is established in the industry and in the banking sector.

Due to its borrowings and capital investments, the NOVOMATIC AG Group is subject to default or substitution risk.

The NOVOMATIC AG Group invests only with counterparties that have a good credit rating. In order to reduce the default risk, these counterparties' credit rating is monitored continuously.

The NOVOMATIC AG Group's capital is raised from a broadly diversified investor base. In order to reduce the substitution risk, the main emphasis is on forms of financing granted by several creditors or investors (bonds, promissory note bonds, syndicated credit facilities).

Trade receivables pose another default risk for the NOVOMATIC AG Group. In order to minimize the risk associated with receivables, customers' compliance with payment due dates

is continuously monitored. If payment due dates are not met, appropriate collection measures are initiated. Sometimes, the default risk is reduced even further via additionally required collateral such as received securities, warranties or documentary credits. The contractually agreed retention of proprietary rights and/or the agreement to pay by direct debit further minimize the risk to the NOVOMATIC AG Group.

Investments in affiliated companies and receivables and liabilities from affiliated companies also represent important financial instruments for NOVOMATIC AG. In order to monitor the present value or default risk, the Board is briefed regularly on relevant developments regarding these companies. Each month, the ongoing earnings trend is compared to the approved budget and checked for deviations.

The requirement for liquid funds, particularly cash at in-house gaming operations, is high in the gaming industry. The considerable cash holdings resulting from the business are continuously protected from misappropriation through targeted risk management and internal controlling measures derived therefrom.

7. Research and Development

Thanks to its numerous R&D competence centers, the NOVOMATIC AG Group is a pioneer in the development of innovative products and systems solutions for gaming. The focus of development activities is on the area of "Distributed Gaming Solutions" on the one hand and on gaming content and application software on the other. The developed software system solutions include management information systems, ticketing and smartcard systems, access systems, video lottery systems, links to government regulators, player protection programs, "gaming as a service," online and mobile gaming system solutions, jackpot systems, and multiplayer and community gaming systems, to name but a few. All system solutions feature modular architecture and are scalable. The proprietary Lightbridge Systems ensures that they are also interoperable. The intention here is to ensure that future legal, market-related and customer-specific requirements can be implemented quickly.

Development activities for homogenous markets and highly specialized niche markets should be equally efficient. This is ensured through 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 housing variants and models that are on the cutting edge of new industry trends, industrial design is an extremely important factor. Innovations in the area of hardware include new, ergonomic cabinet designs for casino, video lottery and AWP (Amusement With Prizes) gaming markets with possible control via up to five monitors, roulette facilities with state-of-the-art ball rejection mechanisms, use of state-of-the-art curved monitors to simulate 3D effects, VIP terminals with giant screen technology, and dynamic lighting effects via LED technology.

In the area of data security, an increasing emphasis is placed on proprietary physical random number generators that use 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 standards in the field of branded games. New categories of game features included in the portfolio are "Reel Refill," "Fixed Wilds" and "WinWays."

In the multi-player segment, the Novo Unity product portfolio was expanded by the integration of a mechanical, automated card shuffling device. Additionally, the integration of slot games in the Novo Unity multiplayer technology represents a further milestone of product diversification.

Development is supported by hardware and software development teams in Austria, Germany, the UK, Russia, Argentina and Poland (either in-house or related to the Group), as well as by exclusive partnerships with developers in Austria, Slovenia, Greece, the USA and Australia.

The global importance of the protection of intellectual property continues to grow. With more than 2,500 registered IP trademarks and an excess of 100 registrations per year, this area is given special consideration.

The NOVOMATIC AG Group continuously develops new products and product variations, resulting in more than 300 new gaming variants per year.

The NOVOMATIC AG Group's innovative strength receives constant public recognition in the form of awards.

8. Important Features of the Internal Control System Regarding the Financial Reporting Process

Regular, reliable and clearly structured reporting is an essential instrument of corporate governance. Therefore, one objective of company-wide risk management is to create structures that ensure such flows of information. Here, the NOVOMATIC AG Group focuses on the COSO framework "Enterprise Risk Management-Integrated Framework" and its target categories and components.

Control Environment: The area of Group Controlling and Group Accounting as a managerial competence center defines the unified Group standards for all controlling and accounting matters and governs the procedures and dates for the budget and financial statement process. Implementation in the decentralized units is the responsibility of local management.

Risk Assessment: The significant risks of misrepresentation in the Consolidated Financial Statements are found in the assessment of gaming equipment inventory, the elimination of inter-company profits, and the assessment of corporate units. This also includes the uncertainty regarding the future market situation in the markets in question. Therefore, we must rely time and time again on assumptions and estimates.

Control Activities: Individual financial statements are prepared locally in accordance with the requirements of the Group. At the individual company level, the bookkeeping and cost accounting system Navision by Microsoft is increasingly being used as a Group standard. Moreover, proAlpha and SAP are in use as ERP systems in Austria and Germany, respectively.

The data, which is audited by the auditor locally for the most important companies, is transferred electronically in a standardized format and brought into the group consolidation using the consolidation tool IDL-Konsis.

Audits of the data in the financial statements assume verification of the data's plausibility before and after consolidation.

Monitoring the ongoing processes over the course of the year is ensured by monthly reports to the Board and to middle management. Thanks to this, possible mistakes or deviations in the financial reporting can be either avoided or identified and corrected. The analyses range all the way from reviewing the period results to in-depth analyses.

Information and Communication: The Board keeps abreast of the relevant developments in the companies through regular Group controlling reports. Each month, the ongoing earnings trend is compared to the approved annual budget and checked for deviations.

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 segments. IDL-Konsis, IDL-Cockpit and Corporate Planner are used as planning and reporting tools.

Monitoring: Monitoring of compliance with ongoing accounting processes, with the exception of the preparation of the annual financial statement, 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. Monitoring of the group consolidation, on the other hand, is done by the Board and subsequently by the auditing committee of the Supervisory Board.

9. Acknowledgements

Special thanks are extended to all employees of NOVOMATIC AG and its subsidiaries, without whom our renewed success in these challenging economic times would not have been possible. We are especially indebted to the owner, Prof. Johann F. Graf, as well as to the Supervisory Board, chaired by Senator Herbert Lugmayr.

They have contributed significantly to the positive development of the NOVOMATIC AG Group and thus, once again, created the basis for a successful future. We would also like

to acknowledge the positive relationships with our capital providers and business partners, relationships which have led to prosperous and enjoyable collaboration.

Particularly in an industry that changes so quickly and is always characterized by new customer requirements, special degrees of effort and cooperation based on mutual trust between all parties involved are necessary to implement and achieve our common objectives.

All those involved have once again proven just how capable they are of doing so.

Gumpoldskirchen, 29 March 2013



Dr. Franz Wohlfahrt
CEO



DI Ryszard Presch
Deputy CEO



Mag. Thomas Graf
CTO



Mag. Peter Stein
CFO

Consolidated balance sheet

as of 12/31/2012

ASSETS Mio EUR

Non-current assets	Notes	12/31/2012	12/31/2011
Intangible assets	(1)	272.1	248.9
Property, plant and equipment	(2)	814.2	765.8
Investment property	(3)	27.0	25.9
Investments in associated companies	(4)	95.3	84.4
Non-current financial assets	(5)	33.8	13.6
Deferred tax assets	(6)	38.9	37.3
Other non-current assets	(7)	150.3	98.5
		1,431.6	1,274.4
Current assets			
Inventories	(8)	141.4	144.2
Trade and other receivables	(9)	239.0	192.3
Current tax receivables	(6)	24.1	30.2
Current financial assets	(10)	19.4	22.7
Cash and cash equivalents	(11)	367.2	512.2
Assets held for sale	(2)	0.0	7.7
		791.2	909.3
Total ASSETS		2,222.9	2,183.7

EQUITY AND LIABILITIES Mio EUR

Equity	Notes	12/31/2012	12/31/2011
Share capital	(12)	26.0	26.0
Capital reserve	(13)	1.0	1.0
Retained earnings	(14)	933.5	790.9
Revaluation reserve	(15)	5.3	-2.2
Currency translation adjustment	(16)	-27.3	-25.5
		938.4	790.2
Non-controlling interests	(17)	35.8	51.4
		974.3	841.5
Non-current liabilities			
Non-current financial liabilities	(18)	755.9	682.1
Non-current provisions	(19)	35.1	30.8
Non-current tax liabilities	(6)	13.9	13.9
Deferred tax liabilities	(6)	39.3	36.0
Other non-current liabilities	(20)	8.4	9.6
		852.6	772.4
Current liabilities			
Current financial liabilities	(21)	75.3	281.6
Current provisions	(22)	61.3	50.6
Current tax liabilities	(6)	36.0	42.4
Trade payables and other liabilities	(23)	223.4	195.3
		396.0	569.8
Total EQUITY AND LIABILITIES		2,222.9	2,183.7

Consolidated income statement

for financial year 2012

Mio EUR	Notes	01-12/2012	01-12/2011
Revenues	(24)	1,536.7	1,386.8
Changes in inventories of finished goods and work in progress	(25)	-5.7	17.4
Own work capitalized	(25)	137.9	128.0
Other operating income	(26)	71.4	63.5
Cost of material and other purchased services	(27)	-208.1	-216.7
Personnel costs	(28)	-374.5	-312.3
Amortization and impairment of intangible assets, property, plant and equipment and investment property	(29)	-242.0	-236.3
Gaming taxes and betting fees	(30)	-138.0	-121.2
Other operating expenses	(31)	-488.8	-454.6
Operating profit		288.9	254.5
Share of profit/loss of associated companies	(32)	4.1	0.8
Financial income	(33)	20.7	13.3
Financial expenses	(34)	-40.8	-53.6
Financial result		-16.0	-39.4
Earnings before taxes		272.9	215.1
Income taxes	(35)	-78.5	-69.0
Profit from continuing operations		194.3	146.2
Result from discontinued operations	(36)	0.0	14.2
Profit after taxes		194.3	160.3
thereof attributable to non-controlling interests		0.1	3.1
thereof attributable to shareholders of the parent (net profit)		194.2	157.3

Consolidated statement of comprehensive income

for financial year 2012

Mio EUR	01-12/2012	01-12/2011
Profit after taxes	194.3	160.3
Currency translation	-1.4	-1.5
Revaluation of assets available for sale	7.4	-1.6
Other comprehensive income after taxes	6.0	-3.1
Total comprehensive income	200.4	157.2
thereof attributable to non-controlling interests	0.5	3.9
thereof attributable to shareholders of the parent	199.9	153.3

Consolidated cash flow statement

for financial year 2012

Mio EUR	01-12/2012	01-12/2011
Operating profit	288.9	268.6
Loss (+) / Gain (-) from the disposal of fixed assets	-2.5	-0.8
Depreciation (+) / Appreciation (-) of fixed assets	239.7	235.6
Recognized capital consolidation	0.0	-10.9
Other non-cash income and expenses	-12.9	0.2
Interest received and interest related income	17.9	12.8
Taxes paid	-82.8	-70.9
	448.2	434.7
Increase (-) / Decrease (+) in inventories	6.5	16.0
Increase (-) / Decrease (+) in receivables	-80.2	-24.0
Increase (+) / Decrease (-) in provisions	15.7	0.0
Increase (+) / Decrease (-) in liabilities	1.1	3.6
Cash flow from operating activities	391.3	430.3
Proceeds from the disposal of fixed assets (excluding financial assets)	39.0	40.4
Proceeds from the disposal/repayment of financial assets	6.2	19.5
Proceeds from the disposal of consolidated companies, net of cash	-0.3	0.0
Acquisition of intangible assets, property, plant and equipment	-281.2	-261.7
Acquisition of financial assets and other financial investments	-26.4	-7.8
Acquisition of consolidated companies, net of cash	-36.1	-27.9
Net proceeds from associated companies and investments	2.6	0.5
Cash flow from investing activities	-296.1	-237.0

	01-12/2012	01-12/2011
Dividend payments	-54.2	-57.1
Payments from non-controlling interests	0.5	1.0
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)	-12.5	-8.8
Expenditures for settlement of bond issued	-150.0	0.0
Proceeds from bank loans and financial liabilities	18.4	146.1
Interest paid and interest related expenses	-40.9	-38.2
Cash flow from financing activities	-238.7	43.1
Net change in cash and cash equivalents	-143.5	236.4
Currency translation adjustments	-1.4	-1.5
Changes in cash and cash equivalents due to changes in scope of consolidation	0.0	0.0
Net change in cash and cash equivalents	-144.9	234.9
Cash and cash equivalents at the beginning of the year	512.2	277.3
Cash and cash equivalents at the end of the year	367.2	512.2
Net change in cash and cash equivalents	-144.9	234.9

Consolidated statement of changes in equity

for financial year 2012

2012 Mio EUR	SHARES OF SHAREHOLDERS OF NOVOMATIC AG						Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserve	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
1) Total comprehensive income								
Profit after taxes	0.0	0.0	194.2	0.0	0.0	194.2	0.1	194.3
Other comprehensive income	0.0	0.0	0.0	7.4	-1.8	5.7	0.4	6.0
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	0.5
5) Option premium granted for non-controlling interests	0.0	0.0	-1.5	0.0	0.0	-1.5	0.0	-1.5
Balance on 12/31/2012	26.0	1.0	933.5	5.3	-27.3	938.4	35.8	974.3

2011 Mio EUR	SHARES OF SHAREHOLDERS OF NOVOMATIC AG						Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation adjustment	Total		
Balance on 01/01/2011	26.0	1.0	693.8	-0.6	-23.1	697.1	40.9	738.0
1) Total comprehensive income								
Profit after taxes	0.0	0.0	157.3	0.0	0.0	157.3	3.1	160.4
Other comprehensive income	0.0	0.0	0.0	-1.6	-2.4	-4.0	0.8	-3.2
2) Dividend payments	0.0	0.0	-55.0	0.0	0.0	-55.0	-2.1	-57.1
3) Change in non-controlling interests	0.0	0.0	-4.8	0.0	0.0	-4.8	-4.2	-9.0
4) Changes in the scope of consolidation	0.0	0.0	-1.5	0.0	0.0	-1.5	12.8	11.3
5) Option premium received for non-controlling interests	0.0	0.0	1.1	0.0	0.0	1.1	0.0	1.1
Balance on 12/31/2011	26.0	1.0	790.9	-2.2	-25.5	790.2	51.4	841.5

Notes to the consolidated financial statements

as of 31 December 2012

Basis of Preparation and Methods

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 amusement machine casinos, casinos, bingos, lotteries, international betting agencies and online gaming
- » Casino and entertainment technologies
- » Use of innovative technologies
- » Networking systems

Accounting principles

The present consolidated financial statement as of 31 December 2012 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

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 2012 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 (Mio EUR). Due to the financial rounding of values and percentages, insignificant differences can occur.

Application of New and Amended Accounting Standards and Interpretations

The following new or revised accounting standards and interpretations – adopted by EU legislation – were implemented for the first time in financial year 2012 but had no or no significant impact on the NOVOMATIC Group.

- » Amendment of IAS 12 “Income Taxes: Deferred tax – Recovery of Underlying Assets”

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:

Amendment of IAS 1 “Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income”	Applies to business years beginning on or after 1 July 2012
Amendment of IAS 19 “Employee Benefits”	Applies to business years beginning on or after 1 January 2013
Revision of IAS 27 “Separate Financial Statements”	Applies to business years beginning on or after 1 January 2014
Revision of IAS 28 “Investments in Associates and Joint Ventures”	Applies to business years beginning on or after 1 January 2014
Amendment of IAS 32 and IFRS 7 “Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities”	Applies to business years beginning on or after 1 January 2014 and 1 January 2013, respectively
IFRS 9 “Financial Instruments”	Applies to business years beginning on or after 1 January 2015; not yet adopted by EU legislation.
IFRS 10 “Consolidated Financial Statements”	Applies to business years beginning on or after 1 January 2014
IFRS 11 “Joint Arrangements”	Applies to business years beginning on or after 1 January 2014
IFRS 12 “Disclosure of Interests in other entities”	Applies to business years beginning on or after 1 January 2014
IFRS 13 “Fair Value Measurement”	Applies to business years beginning on or after 1 January 2013

The possible effects during the year of initial adoption are currently being analyzed by management. The NOVOMATIC Group does not expect any significant impact resulting from the first-time application of those standards and interpretations mentioned above on its financial position and its results of operation.

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 the year 2012 the group acquired or founded the following subsidiaries:

- » Airoline GmbH, Austria (100%)
- » Admiral Play GmbH, Germany (95%)
- » Admiral Sportwetten GmbH, Germany (100%)
- » Norddeutsche Spielbanken GmbH, Germany (100%)
- » Novomatic Americas Holdings Inc., USA (100%)

- » Novomatic Americas Sales LLC, USA (95%)
- » Novomatic Americas Real Estate LLC, USA (100%)
- » Slotclub Kft., Hungary (100%)
- » SC Urbia srl, Romania (100%)

The following subsidiaries changed from non-consolidated to fully consolidated subsidiaries for the first time as of 1 January 2012:

- » Admiral Interactive srl, Italy (100%)
- » Bell-Fruit Group Ltd., UK (100%)
- » Gamestec Leisure Ltd., UK (100%)
- » HTL Kosovo Sh.p.k., Kosovo (100%)

In Italy, Croatia, Germany, 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 on 12/31/2011	132	6
First-time inclusion in 2012	13	1
Disposed of in 2012	-4	-1
Merged in 2012	-12	0
Balance on 12/31/2012	129	6
of which non-Austrian companies	110	4

FULLY CONSOLIDATED COMPANIES

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
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 Srl., 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%
ASW	Admiral Sportwetten GmbH, Austria	AGI	100.00%	100.00%
ASWDE	Admiral Sportwetten GmbH, Germany	ASW	100.00%	100.00%
ADMILV	Admiralu Klubs SA, 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	52.00%	80.00%
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%
ALBAL	Albaton Sh.p.k., Albania	EAGAL	100.00%	100.00%
ALFLV	Alfor SIA, Latvia	AGI	60.00%	60.00%
ALGAST	Alvast Gastronomie GmbH, Austria	AGI	100.00%	100.00%
ALLIT	Allstar Italiana S.r.l., Italy	ADRIT	65.00%	65.00%
ALSGRU	ALS Group OOO, Russia	AGI	100.00%	100.00%
ALSRU	ALS OOO, Russia	ALSGRU	100.00%	100.00%
NEE	AS Novoloto, Estonia	ADMILV	60.00%	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	90.00%	90.00%
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%
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 Beteiligungsges.m.b.H. I, Germany	BPAFDE	100.00%	100.00%
CAS3DE	Casino Deluxe Beteiligungsges.m.b.H. III, Germany	BPAFDE	100.00%	100.00%
VIDDE	Casino Deluxe Beteiligungsges.m.b.H. IV, Germany	BPAFDE	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%
EAGAL	Eagle Investment Sh.A, Albania	AGI	100.00%	100.00%
EMPUK	Empire Games Ltd., UK	ASTUK	70.00%	70.00%
EXTDE	Extra Games Entertainment GmbH, Germany	NSMLDE	93.00%	93.00%
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%
GAHHU	Games Holding Hungaria Kft., Hungary	AGIHU	100.00%	100.00%
GAMEUK	Gamestec Leisure Ltd., UK	ASTUK	100.00%	100.00%
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%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
HRG	HRG Formenbau + Kunststofftechnik GmbH, Austria	AGI	95.00%	95.00%
HTSI	HT Management d.o.o., Slovenia	NOVOSI	100.00%	100.00%
TIVSI	HTI Invest d.o.o., Slovenia	NOVOSI	100.00%	100.00%
HTLBA	HTL d.o.o. Sarajevo, Bosnia and Herzegovina	AGI	100.00%	100.00%
HTLIUA	HTL Invest LCC, Ukraine	HTLUA/IGROUA	99.00% / 1.00%	99.00% / 1.00%
HTLXK	HTL Kosovo Sh.p.k., Kosovo	HTLMK	100.00%	100.00%
HTLMK	HTL Macedonia DOOEL, Macedonia	AGI	100.00%	100.00%
HTLME	HTL Montenegro d.o.o., Montenegro	AGI	100.00%	100.00%
HTM	HTM Hotel- u. Tourismus Management GmbH, Austria	NAG	100.00%	100.00%
IGROUA	Igrotech-Import OOO, Ukraine	AZARLT	80.00%	100.00%
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%
MAGMK	MA Gaming d.o.o.e.l., Macedonia	HTLMK	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%
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%
NOGHR	Novo Gaming d.o.o., Croatia	AGI	100.00%	100.00%
IKGDE	Novo Immobilien GmbH, Germany	NAG	99.80%	99.80%
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%
NOVOCSS	Novo Investment d.o.o., Serbia	AGI	100.00%	100.00%
NOVOBA	NOVO RS d.o.o., Bosnia and Herzegovina	AGI	100.00%	100.00%
NOVOCL	Novochile Ltda., Chile	AGI / HTM	99.00% / 1.00%	99.00% / 1.00%
NOVOLT	Novogaming Vilnius UAB, Lithuania	AGI	80.00%	80.00%
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%
NSMLDE	LÖWEN Entertainment GmbH, Germany	AGI	100.00%	100.00%
ARGAR	Octavian de Argentina S.A., Argentina	AGI / HTM	90.00% / 10.00%	90.00% / 10.00%
SBPRU	Octavian SPb Limited Partnership, Russia	AGI	100.00%	100.00%
HTLRU	OOO HTL Posledni Per., Russia	AGI	99.00%	99.00%
HTLUA	OOO HTL Ukraine LCC, Ukraine	AGI	100.00%	100.00%
UGIRU	OOO United Gaming Industries, Russia	AGI	99.99%	99.99%
PLANBY	Planeta Igr COO, Belarus	AZARLT	80.00%	100.00%
HTBLBA	RSA Gaming d.o.o., Bosnia and Herzegovina	NOVOBA	80.00%	80.00%
INTRO	SC Intertop srl, Romania	AGI / NOVORO	44.06% / 55.94%	44.06 / 55.94%
URBRO	SC Urbia Srl., Romania	INTRO	100.00%	100.00%
SIMAPE	Sierra Machines S.A.C., Peru	CROPE	65.00%	100.00%
SLOTHU	Slotclub Kft., Hungary	GAHHU	100.00%	100.00%
SBEKDE	Spielbank Berlin Entertainment GmbH & Co.KG, Germany	NAG	92.50%	92.50%
SBKDE	Spielbank Berlin Gustav Jaenecke GmbH & Co.KG, Germany	NAG	92.04%	92.04%
SBNKDE	Spielbank Berlin nationale Beteteiligungs GmbH & Co.KG, Germany	NAG	92.04%	92.04%
TELCIT	Telcos S.r.l., Italy	TREU10 / ADRI	90.00% / 10.00%	90.00% / 10.00%
TIMRO	TIMAX Srl., Romania	NOVORO	100.00%	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%
AZARLT	UAB Azarto Technika, Lithuania	AGI	80.00%	80.00%
VILLBG	Villox Group EOOD, Bulgaria	NOVOBG	100.00%	100.00%
WEC	Wett Cafe Betriebs GmbH, Austria	HTM	100.00%	100.00%
WETTRO	Wettpunkt International Srl, Romania	NOVORO	100.00%	100.00%
ZOLRU	Zolotaya Bukhta OOO, Russia	HTLRU	98.80%	99.80%

COMPANIES CONSOLIDATED AT EQUITY

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
POL	H.Polanz GmbH, Austria	WEC	50.00%	50.00%
NOSUCL	Novo Sun S.A., Chile	NHCCL	50.00%	50.00%
PRAGA	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Austria	NAG	47.50%	47.50%
SIMDE	SIM Spielbanken, Investitions- und Management GmbH, Germany	NAG	49.00%	49.00%
SIMKDE	SIM Spielbanken, Investitions-, Beteiligungs- und Management GmbH & Co.KG, Germany	NAG	49.00%	49.00%
VIL0IT	Vilo Entertainment S.r.l., Italy	ADRIT	32.50%	32.50%

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%
DHTCMK	DHTCM DOOEL, Macedonia	HTLMK	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	90.00%	100.00%
GIPDE	Spielbank Berlin nationale Beteiligungen Verwaltungs GmbH, Germany	SBNKDE	92.04%	100.00%
INTLB	Interinvest Holding SAL, Lebanon	AGI	94.99%	94.99%
INLOLB	Interlog SAL, Lebanon	INTLB	94.99%	99.99%
MAZOUK	Mazooma Games Ltd., UK	BELLUK	100.00%	100.00%
MIGUK	Mazooma Interactive Games Ltd., UK	BELLUK	100.00%	100.00%
METUSI	Memorija Turizem d.o.o., Slovenia	NOVOSI	50.00%	50.00%
MGMK	M-Gaming DOOEL, Macedonia	DHTCMK	100.00%	100.00%
NOVOCR	Novo Gaming CR Ltda., Costa Rica	AGI	90.00%	90.00%
NOVOGH	Novo Gaming Ghana Ltd, Ghana	AGI	75.00%	75.00%
NOVOGT	Novo Gaming GT Limitada, Guatemala	AGI	90.00%	90.00%
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%
RLMSUK	RLMS Sales Ltd., UK	BELLUK	100.00%	100.00%
SBEVDE	Spielbank Berlin Entertainment Verwaltungs GmbH, Germany	SBEKDE	92.50%	100.00%
SBBVDE	Spielbank Berlin Verwaltungs GmbH, Germany	SBBKDE	92.04%	100.00%
TREU15	Treuhand 15, Romania	AGI	100.00%	100.00%
TREU7	Treuhand 7 GmbH, Spain	TREU 3	80.00%	100.00%
TREU8	Treuhand 8 GmbH, Netherlands	TREU 3	80.00%	100.00%

Acquisitions

In order to strengthen the operational business activities of the Group in Germany, 95% of the shares in Admiral Play GmbH were acquired as of 1 October 2012. For the remaining 5% of shares, a purchase and according sale commitment were entered, which are already recognized as liability in the consolidated financial statements. Since this acquisition is considered an arm's length transaction, the group accounts for this business combination of two companies under common control applying IFRS 3.

The subsidiaries Bell-Fruit Group Ltd. and Gamestec Leisure Ltd., which both were renamed, took over essential parts of the British Danoptra Gaming Group with the effective date of 19 July 2012. This takeover extends and completes the Group's business activities as producer and lessor of gaming machines in UK pubs.

Furthermore, 100% of shares were acquired in Airoline GmbH, which is specialized in the operation of airplanes, as of 1 October 2012, as well as 100% of shares in the Hungarian gaming operator Slotclub Kft. and 100% of shares in the Romanian gaming machine rental company SC Urbia srl. as of 1 January 2012.

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

Mio EUR	Fair value
Intangible assets	33.7
Property, plant and equipment	34.1
Other non-current assets	0.1
Deferred tax assets	0.0
Inventories	3.7
Cash and cash equivalents	8.4
Other current assets	12.6
Non-current liabilities and provisions	-2.2
Deferred tax liabilities	-6.9
Current liabilities and provisions	-35.9
Net assets	47.6
Non-controlling interests	-1.2
Goodwill	5.6
Received surplus affecting income	0.0
Consideration	52.0

Other current assets consist mainly of trade receivables with a fair value of 8.8 Mio EUR.

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

Goodwills resulting from the acquisitions reflect expected strategic advantages for the Group due to the expansion of operational business activity in the corresponding markets. 0.4 Mio EUR of the goodwill resulting from these acquisitions is tax-deductible.

The consideration comprises cash or cash equivalents amounting to 52.0 Mio EUR. The legal costs relating to the acquisitions amounting to 1.2 Mio EUR were recognized directly within profit or loss under other operating expenses.

The result for the period since the acquisition date amounts to 0.3 Mio EUR.

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 information value regarding the consolidated financial statements is insignificant.

Disposals

The Group sold 100% of shares in its subsidiaries Treuhand 11 and Treuhand 12 as of the end of March 2012. The agreed consideration comprises a fixed fee of 6.4 Mio EUR and a variable earn-out agreement that extends over a period of 7 years starting on 1 January 2012.

Furthermore, the Group sold 100% of shares in Tempo-Star d.o.o. in June 2012.

Mio EUR	Book value in the Group
Intangible assets	2.6
Property, plant and equipment	0.3
Inventories	0.0
Other non-current assets	0.0
Cash and cash equivalents	15.8
Other current assets	21.1
Deferred tax liabilities	-0.1
Current liabilities and provisions	-22.8
Net assets disposed of	17.0

The consideration obtained for the reporting period amounts to 30.2 Mio EUR. The resulting profit from disposals of 13.2 Mio EUR is recognized within the consolidated income statement under other operating income.

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 the 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 intragroup profits are eliminated.

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 31 December 2012. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences arising are recognized as equity not affecting net 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:

Equivalent amount = 1 EUR	EXCHANGE RATE PREVAILING AT BALANCE SHEET DATE		AVERAGE EXCHANGE RATE FOR THE YEAR	
	12/31/2012	12/31/2011	2012	2011
Albanian LEK	139.5325	137.6975	139.3335	140.6619
Argentinian Peso	6.4854	5.5595	5.8968	5.7888
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
British Pounds	0.8145	0.8398	0.8111	0.8715
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Chilean Peso	633.1320	672.9080	627.6263	676.1647
Colombian Peso	2,336.0000	2,509.0100	2,317.4050	2,593.3213
Croatian Kuna	7.5550	7.5250	7.5132	7.4467
Latvian Lats	0.6975	0.6985	0.6967	0.7060
Lithuanian Litas	3.4520	3.4515	3.4515	3.4518
Macedonian Dinar	62.0510	61.3433	61.5128	61.5205
Mexican Peso	17.1200	18.0700	16.9375	17.4191
Paraguayan Guarani	5,663.2350	5,725.2950	5,723.3383	5,844.2858
Peruvian New Sol	3.3735	3.4842	3.3977	3.8514
Polish Zloty	4.0950	4.4275	4.1757	4.1416
Romanian Lei	4.4385	4.3225	4.4482	4.2385
Russian Rouble	40.2700	41.7000	40.0525	41.0311
Swiss Franc	1.2066	1.2154	1.2040	1.2305
Serbian Dinar	112.4000	106.0000	113.5192	101.8637
South-African Rand	11.2290	10.4700	10.5693	10.1659
Hungarian Forint	293.2000	312.0000	288.0167	280.8242
Ukrainian Hryvnia	10.6326	10.3688	10.4259	11.1697
US Dollar	1.3206	-	1.2921	-
Belarus Rouble	11,303.3500	10,802.1000	10,741.3000	7,305.0154

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. 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. Where 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, in accordance with IFRS 3, not written off. Instead, the carrying amount of the goodwill is subject to an impairment test annually as of 31 October or if there is any indication of an impairment. If the carrying amount of a cash-generating unit, attributed with goodwill, exceeds its recoverable amount, the attributed goodwill is impaired to its recoverable amount. An impairment loss exceeding the goodwill will lead to the proportional reduction

of the carrying amounts of the remaining fixed assets.

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.

The estimated useful lives for intangible and tangible assets and goodwill are:

	USEFUL LIFE IN YEARS	
	from	to
Intangible assets		
Goodwill		indefinite
Software	3	5
Patents and trademarks	3	20 or indefinite
Licenses	5	20 or indefinite
Customer relationship	7	20
Other intangible assets	3	10
Property, plant and equipment		
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 currently 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 leases 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. Inventories are reviewed for slow movement or obsolete items and, if necessary, appropriate adjustments are made.

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, if applicable reduced by appropriate allowances. In order to identify the recoverability of the receivables, the creditworthiness of the customer, available collaterals, changes in payment history and past experience are considered. The allowances take the expected default risk sufficiently 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.

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 falling within a corridor of 10% of the greater of projected benefit obligations and plan assets – measured in both cases at the beginning of the year – are not recognized in pensions and severance payments provisions. Actuarial gains and losses falling outside this corridor are distributed according to the average remaining years of service of the participants in the plan. The accrued amounts are based on the expert opinion of a qualified actuary as of the balance sheet date.

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

Liabilities

Liabilities are stated at amortized costs. Long-term liabilities are discounted by 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.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with the change of interest rates and currencies. Such derivatives are initially recorded at fair value at contract date and are re-measured to fair value at subsequent reporting dates. A derivative financial instrument 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.

Revenue and expense recognition

The Group realizes revenues from the sale and rental of gaming machines, from the operation of gaming halls and electronic gaming machine casinos, 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 case the supply and networking of account settlement systems represents the core business activity, the consideration received is shown as revenue. 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 leases, unwinding discounts of provisions, impairments of financial assets, interest-like expenses and charges, and expenses from derivative instruments.

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 derivative instruments.

Taxes

Income tax expense comprises the income tax of each subsidiary based on its taxable profit for the year and calculated at 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.

Deferred tax assets and liabilities are based on the following tax rates:

Country	2012 tax rate	2011 tax rate
Austria	25%	25%
Albania	10%	10%
Argentina	35%	35%
Bosnia and Herzegovina	10%	10%
Bulgaria	10%	10%
Chile	20%	20%
Germany	15.825%–57.2%	15.825%–57.2%
Curacao	2%	2%
England	23%–24.5%	25%
Italy	27.5% and 31.4%	27.5% and 31.4%
Columbia	33%	33%
Croatia	20%	20%
Latvia	15%	15%
Lithuania	15%	15%
Malta	35%	35%
Mexico	30%	30%
Montenegro	9%	9%
Paraguay	10%	10%
Peru	30%	30%
Poland	19%	19%
Romania	16%	16%
Russia	20%	20%
San Marino	17%	17%
Switzerland	6.5%	6.5%
Serbia	10%	10%
Slovenia	20%	20%
Spain	30%	30%
South Africa	28%	28%
Ukraine	19%	21%
Hungary	10%	10%
Belarus	18%	24%

Estimates

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.

In particular, uncertainties can occur concerning the estimates of useful life, intangible assets with indefinite useful life, adjustments of receivables, determination of provisions, impairment of goodwill and deferred tax assets because of changes in the expected future results.

Furthermore, preparation of a consolidated financial statement requires the predefinition of future developments. This particularly concerns assumptions made for the measurement of social benefit obligations, such as retirement age, life expectancy and future increases in remunerations and pensions.

The underlying assumptions are subject to regular reviews and adaptation.

Notes to the Consolidated Balance Sheet

(1) INTANGIBLE ASSETS MIO EUR

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2011	45.2	12.0	71.9	75.8	10.8	215.6
Currency translation adjustments	0.0	0.0	0.5	0.0	0.0	0.6
Change in the consolidation scope	0.0	0.7	71.6	4.0	0.0	76.4
Additions	5.4	0.0	38.3	12.1	1.0	56.8
Disposals	-0.1	-0.1	-0.5	-2.0	0.0	-2.7
Reclassifications	0.0	0.0	-1.5	12.2	-11.2	-0.5
Balance as of 12/31/2011	50.4	12.7	180.3	102.1	0.6	346.2

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2012	50.4	12.7	180.3	102.1	0.6	346.2
Currency translation adjustments	0.0	-0.1	0.1	0.1	0.0	0.1
Change in the consolidation scope	5.6	3.8	24.2	5.9	0.0	39.4
Additions	0.0	0.2	3.3	22.0	1.8	27.3
Disposals	-0.9	-0.4	-4.8	-9.9	-0.2	-16.3
Reclassifications	0.0	0.0	3.1	-3.0	-1.4	-1.2
Balance as of 12/31/2012	55.1	16.2	206.1	117.2	0.9	395.5

Accumulated amortization	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2011	11.5	5.0	12.5	37.8	0.1	66.8
Currency translation adjustments	0.0	0.0	0.1	0.1	0.0	0.2
Change in the consolidation scope	0.0	0.0	0.5	1.5	0.0	2.0
Additions	4.7	0.6	12.1	12.6	0.0	30.0
Disposals	0.0	-0.1	-0.3	-1.3	0.0	-1.6
Reclassifications	0.0	0.0	0.5	-0.5	0.0	0.0
Balance as of 12/31/2011	16.1	5.5	25.5	50.1	0.1	97.3

Accumulated amortization	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2012	16.1	5.5	25.5	50.1	0.1	97.3
Currency translation adjustments	0.0	0.0	0.1	0.0	0.0	0.0
Change in the consolidation scope	0.0	0.0	0.1	0.0	0.0	0.1
Additions	4.5	0.8	15.5	13.8	0.0	34.6
Disposals	0.0	-0.4	-2.2	-6.0	0.0	-8.6
Reclassifications	0.0	0.0	1.3	-1.4	0.0	0.0
Balance as of 12/31/2012	20.6	5.8	40.3	56.6	0.1	123.4

Carrying amounts as of 12/31/2011	34.4	7.3	154.8	51.9	0.5	248.9
Carrying amounts as of 12/31/2012	34.5	10.4	165.7	60.6	0.8	272.1

The investments in other intangible assets amount to 22.0 Mio EUR (previous year: 12.1 Mio EUR) and mainly concern the acquisition of gaming software. Other intangible assets include in particular software with a book value of 29.3 Mio EUR (previous year: 20.3 Mio EUR) and customer relationships with a book value amounting to 10.2 Mio EUR (previous year: 8.3 Mio EUR).

The intangible assets comprise licenses with an indefinite useful life amounting to 18.5 Mio EUR (previous year: 18.5 Mio EUR) and trademarks with an indefinite useful life amounting to 3.6 Mio EUR (previous year: 3.6 Mio EUR). The annual impairment test for these assets with an indefinite useful life is carried out just as is the procedure shown under goodwill.

The Group did not have any capitalizable internally generated intangible assets. In the period under report, development expenditures amounting to 51.8 Mio EUR (previous year: 43.8 Mio EUR) were recognized in the income statement as “personnel cost,” “other expenses” and “depreciation/amortization of tangible and intangible assets.”

Goodwill

As of 31 December 2012, the Group’s goodwill is composed of the following cash-generating units according to IAS 36.134:

Mio EUR	12/31/2012	12/31/2011
Gaming operations – Croatia	2.0	2.3
Gaming operations – Latvia	3.1	3.1
Gaming operations – Romania	6.7	6.7
Gaming operations – Germany	5.1	3.2
Gaming operations – Italy	3.3	3.9
Spielbank – Germany	1.8	1.8
Production in Austria	4.2	4.2
Production – premium	1.6	1.6
Other	6.6	7.5
Total	34.5	34.3

The recoverable amount of the cash-generating units is based on the calculation of a value in use applying three- to five-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, experiences of comparable businesses and 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. Insofar as the goodwill results from the acquisition of gaming operating companies, the principle is for all operators in the respective country to be defined as a cash-generating unit.

Discount rates ranging from 10.31% to 19.61% (2011: 10.01%–18.86%) were used for the cash flow forecast, taking into consideration the respective country-specific risks. Cash flows occurring after the period of between three and five years are carried over with a growth rate of 2% (2011: 2%). This growth rate does not exceed the average long-term growth rate of the sector.

The comparison of the book values with the recoverable amount of the cash-generating units over the course of the yearly impairment test as of 31 October 2012 resulted in an impairment of 4.5 Mio EUR (previous year: 4.7 Mio EUR) because business activities did not develop as expected. The impairments result predominantly from the German gaming operations and concern the segment “Gaming Operations.”

(2) PROPERTY, PLANT AND EQUIPMENT

Acquisition costs	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2011	399.8	629.2	214.3	26.2	1,269.4
Currency translation adjustments	-0.8	-1.1	0.0	0.0	-2.0
Change in the consolidation scope	10.6	8.8	12.5	0.0	31.9
Additions	29.4	127.9	52.0	26.2	235.5
Disposals	-10.3	-121.1	-12.9	-12.9	-157.2
Reclassifications	9.9	-4.9	2.8	-7.1	0.8
Balance as of 12/31/2011	438.6	638.8	268.7	32.5	1,378.5

Acquisition costs	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2012	438.6	638.8	268.7	32.5	1,378.5
Currency translation adjustments	0.9	1.3	0.1	0.1	2.4
Change in the consolidation scope	12.7	11.5	17.1	0.2	41.5
Additions	43.2	132.6	50.9	22.0	248.7
Disposals	-13.0	-111.3	-16.9	-5.5	-146.7
Reclassifications	14.3	5.9	5.8	-28.3	-2.3
Balance as of 12/31/2012	496.8	678.7	325.7	21.0	1,522.1

Accumulated amortization	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2011	77.2	323.0	102.9	1.7	504.8
Currency translation adjustments	-0.1	-0.2	0.0	0.0	-0.2
Change in the consolidation scope	6.4	5.4	8.9	0.0	20.7
Additions	23.6	149.7	32.4	0.1	205.7
Disposals	-1.5	-109.5	-7.3	0.0	-118.3
Reclassifications	0.0	-1.0	1.0	0.0	0.0
Appreciations	0.0	-0.1	0.0	0.0	-0.1
Balance as of 12/31/2011	105.6	367.5	137.9	1.8	612.7

Accumulated amortization	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2012	105.6	367.5	137.9	1.8	612.7
Currency translation adjustments	0.0	0.5	0.0	0.0	0.6
Change in the consolidation scope	4.7	0.2	3.4	0.0	8.3
Additions	30.4	134.5	38.1	2.1	205.1
Disposals	-4.7	-101.9	-11.7	0.0	-118.4
Reclassifications	-0.5	-0.4	0.5	0.0	-0.4
Balance as of 12/31/2012	135.5	400.3	168.2	3.9	708.0
Carrying amounts as of 12/31/2011	333.0	271.3	130.8	30.7	765.8
Carrying amounts as of 12/31/2012	361.2	278.4	157.5	17.1	814.2

In order to collateralize loans, liens were registered on a property in Gumpoldskirchen to the extent of 3.0 Mio EUR, on a property in Steinhaus to the extent of 0.6 Mio EUR and on a property in Pfullendorf to the extent of 2.5 Mio EUR respectively.

Developed property classified as held for sale was disposed of in the period under report.

Finance Lease

NOVOMATIC AG Group as lessee:

The carrying amount of the Group's property, plant and equipment in respect of assets held under finance lease totals 4.4 Mio EUR (previous year: 8.2 Mio EUR).

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 13.9 Mio EUR (previous year: 14.4 Mio EUR). After expiration of the agreement, the ownership of the property will be transferred to the group.

The sale-and-lease-back transactions of the Group present themselves as follows: the carrying amounts of gaming machines recognized as property, plant and equipment account for 0.5 Mio EUR (previous year: 7.4 Mio EUR). Due to their classification as finance lease, the profits resulting from the sale are distributed over the contract duration of 4 years and are recognized as deferred income on the balance sheet.

Mio EUR	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Within one year	2.3	4.1	2.1	3.8
Between one and five years	4.6	6.2	4.4	5.7
Over five years	0.0	0.0	0.0	0.0
Total	6.9	10.3	6.5	9.4
Minus prospective financing costs	-0.4	-0.8		
Present value of lease obligations	6.5	9.4		

NOVOMATIC AG 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.

Mio EUR	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Within one year	12.1	18.8	10.3	17.3
Between one and five years	13.2	6.9	10.6	5.9
Over five years	0.0	0.0	0.0	0.0
Total	25.2	25.6	20.9	23.2
Minus prospective financing income	-4.3	-2.4		
Present value of lease receivables	20.9	23.2		

Operating Lease

NOVOMATIC AG 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:

Mio EUR	12/31/2012	12/31/2011
For the next year	50.6	44.6
For the second to the fifth year inclusive	142.0	121.9
Over five years	54.8	54.2

NOVOMATIC AG Group as lessor:

The Group concluded contracts for renting of gaming machines with irredeemable terms of 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."

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

Mio EUR	12/31/2012	12/31/2011
For the next year	174.8	143.4
For the second to the fifth year inclusive	56.4	51.4
Over five years	0.0	0.0

(3) INVESTMENT PROPERTY

Mio EUR	12/31/2012	12/31/2011
Balance as of 01/01	25.9	29.6
Currency translation adjustments	0.3	0.0
Change in the consolidation scope	0.0	7.0
Additions	0.0	0.0
Disposals	0.0	-9.8
Reclassifications	3.1	-0.3
Depreciation / amortization	-2.3	-0.7
Appreciations	0.0	0.0
Balance as of 12/31	27.0	25.9

Investment property denotes land and buildings which are not currently used in operational business. The gross carrying amount totals up to 35.7 Mio EUR (previous year: 31.9 Mio EUR) and the accumulated depreciation amounts to 8.7 Mio EUR (previous year: 6.0 Mio EUR). For determination of the

fair value, external valuation reports are considered and property values are derived from new acquisitions. Accordingly, the fair value amounts to 31.4 Mio EUR (previous year: 25.9 Mio EUR).

(4) INVESTMENTS IN ASSOCIATED COMPANIES

Mio EUR	12/31/2012	12/31/2011
Balance as of 01/01	84.4	144.9
Currency translation adjustments	4.7	-6.2
Additions	4.7	0.2
Share of post-acquisition profits	4.1	0.8
Dividends	-0.2	-0.5
Disposals	-2.4	0.0
Change in the consolidation method	0.0	-54.9
Balance as of 12/31	95.3	84.4

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 AG in associated companies:

Mio EUR	12/31/2012	12/31/2011
Assets	333.5	320.4
Liabilities	155.4	155.5
Revenues	167.1	195.0

(5) NON-CURRENT FINANCIAL ASSETS

Mio EUR	12/31/2012	12/31/2011
Investments in affiliated companies, non-consolidated	4.8	2.6
Securities	28.2	9.4
Other investments	0.8	1.6
Total	33.8	13.6

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.

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 eventual impairment.

(6) TAXES**Current tax receivables and liabilities:**

Mio EUR	12/31/2012	12/31/2011
Current tax receivables	24.1	30.2
Non-current tax liabilities	13.9	13.9
Current tax liabilities	36.0	42.4

Deferred taxes:

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.

Mio EUR	12/31/2012	12/31/2011
Intangible assets	-26.4	-24.8
Property, plant and equipment	16.0	13.8
Finance lease	0.8	0.5
Non-current financial assets	-0.6	0.9
Other non-current assets	-2.6	0.0
Inventories	4.4	4.6
Current financial assets	-2.1	0.0
Trade and other receivables	-1.3	-9.9
Non-current financial liabilities	0.0	0.9
Provision for severance payments	2.6	1.8
Provision for pensions	0.9	1.0
Provision for jubilee payments	0.3	0.2
Current provisions	2.4	0.8
Trade payables and other liabilities	1.2	2.5
Tax loss carry forward	4.1	9.1
Total	-0.4	1.3

On the balance sheet, deferred taxes are shown as follows

Mio EUR	12/31/2012	12/31/2011
Deferred tax assets	38.9	37.3
Deferred tax liabilities	-39.3	-36.0
Total	-0.4	1.3

In accordance with IAS 12, deferred tax assets on the accumulated loss brought forward adding up to 4.1 Mio EUR (previous year: 9.1 Mio EUR) 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.

Deferred tax assets not recognized:

Mio EUR	12/31/2012	12/31/2011
Tax loss	22.5	27.3
Temporary differences	1.1	1.6

Income taxes recognized in other comprehensive income:

Mio EUR	12/31/2012	12/31/2011
Revaluation of available-for-sale securities	-2.3	0.7
Deferred taxes	-2.3	0.7

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 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.

(7) OTHER NON-CURRENT ASSETS

Mio EUR	12/31/2012	12/31/2011
Loans	56.9	10.8
Accounts receivable from finance lease	10.6	5.9
Miscellaneous other non-current assets	82.8	81.8
Total	150.3	98.5

Non-current assets in the amount of 47.8 Mio EUR (previous year: 56.5 Mio EUR) result from contractual arrangements with concessionaires granting the NOVOMATIC Group the rights of use for VLT (Video Lottery Terminal) licenses.

(8) INVENTORIES

Mio EUR	12/31/2012	12/31/2011
Raw materials and supplies	59.2	62.7
Work-in-progress	17.2	23.0
Finished goods and trade goods	64.6	55.0
Prepayments	0.5	3.5
Total	141.4	144.2

Raw materials and supplies are valued using the weighted average method. Work-in-progress and finished goods comprise direct material and manufacturing costs as well as an appropriate portion of material and manufacturing overhead costs. The advance payments on inventories are related to downpayments for the delivery of goods.

Writedown of inventories amounts to 54.5 Mio EUR (previous year: 51.2 Mio EUR). The carrying amount of inventories recognized at fair value less distribution costs adds up to 7.6 Mio EUR (previous year: 9.7 Mio EUR).

(9) TRADE AND OTHER RECEIVABLES

Mio EUR	12/31/2012	12/31/2011
Trade receivables	149.2	142.5
Receivables from non-consolidated affiliated companies	0.5	0.1
Receivables from associated companies	0.7	2.0
Prepaid expenses	18.8	18.0
Other current receivables and assets	69.8	29.7
Total	239.0	192.3

Impairment of trade receivables amounts to 29.5 Mio EUR (previous year: 36.1 Mio EUR). 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 0.4 Mio EUR (previous year: 0.1 Mio EUR).

Other current receivables and assets comprise primarily the offset with the tax authorities, deferred income, and precious metals.

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

(10) CURRENT FINANCIAL ASSETS

Mio EUR	12/31/2012	12/31/2011
Securities	6.7	1.6
Loans	1.9	2.4
Accounts receivable from finance lease	10.3	17.3
Other current financial assets	0.5	1.4
Total	19.4	22.7

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

(11) CASH AND CASH EQUIVALENTS

Mio EUR	12/31/2012	12/31/2011
Cash	90.9	80.7
Bank deposit	276.3	431.5
Total	367.2	512.2

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) SHARE CAPITAL

The share capital of 26 Mio EUR 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.

(13) CAPITAL RESERVE

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

(14) 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 1.6 Mio EUR which, combined with the tide-up capital reserves of 1.0 Mio EUR to make 2.6 Mio EUR, represents the tied-up reserves of 10% of the share capital according to section 229 para 4 Austrian Company Code.

(15) REVALUATION RESERVE

The changes in the fair value of financial assets available for sale are recognized in the revaluation reserve affecting comprehensive income. For the business year of 2012, these changes amounted to 7.4 Mio EUR (previous year: -1.6 Mio EUR).

(16) CURRENCY TRANSLATION ADJUSTMENT

On 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 2012, changes in the currency translation adjustment amount to -1.8 Mio EUR (previous year: -2.4 Mio EUR).

(17) NON-CONTROLLING INTERESTS

Non-controlling interests consist of the interests in equity of consolidated subsidiaries held by other shareholders. Non-controlling interests in equity of consolidated subsidiaries concern primarily Alfor SIA, Admiralu Klubs SA, UAB Azarto Technika, Allstar Italiana srl., Crown Gaming S.A.C. and Crown Gaming Mexico S.A..

(18) NON-CURRENT FINANCIAL LIABILITIES

Mio EUR	12/31/2012	12/31/2011
Bond	348.6	348.2
Bank loans	400.6	325.9
Obligations under finance leases	4.4	5.7
Other long-term financial liabilities	2.3	2.3
Total	755.9	682.1

NOVOMATIC AG issued bonds with the following terms and conditions:

Nominal value	200 Mio EUR	150 Mio EUR
Term	2010–2015	2010–2017
Denomination	EUR 500.–	EUR 500.–
Normal interest rate	4.50% p.a.	5.00% p.a.
Coupon	01/22 every year	10/27 every year
Redemption	01/22/2015 bullet	10/27/2017 bullet
Closing price 12/31/2012	EUR 103.201	EUR 102.630
ISIN	AT0000A0G3Z9	AT0000A0KSM6

The bonds are listed on the second regulated market at the Vienna Stock Exchange.

The fair value of bank loans amounts to 405.6 Mio EUR (previous year: 331.2 Mio EUR).

Bank loans with a term of between one and five years amount to 188.5 Mio EUR (previous year: 254.0 Mio EUR), and bank loans with a term over five years amount to 212.0 Mio EUR (previous year: 71.9 Mio EUR). The weighted average interest rate amounts to 3.69% (previous year: 3.91%).

(19) NON-CURRENT PROVISIONS

Mio EUR	12/31/2012	12/31/2011
Provision for severance payments	13.4	8.5
Provision for pensions	11.5	11.1
Provision for jubilee payments	4.0	3.4
Other long-term provisions	6.1	7.8
Total	35.1	30.8

Provision for severance payments

Due to legal or collectively agreed obligations, employees in Austria whose service began before 1 January 2003 are entitled to receive severance payments upon termination of employment or on reaching normal retirement age. Such entitlements depend on the years of service and final compensation levels. Provisions are generated according to actuarial principles for the future liabilities. The amount of the future obligations was calculated according to the regulations of IAS 19 in application of the projected unit credit method at a discount rate of 2.9% (previous year: 5%) and assuming a pay

increase of 3% (previous year: 3%). The 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 1 January 2003 are covered by a defined contribution system. The payments to the external employee's pension fund are recognized as expense.

Expenses for severance payments recognized as personnel cost:

Mio EUR	12/31/2012	12/31/2011
Current service cost	2.9	1.4
Interest cost	0.7	0.4
Actuarial gains/losses	0.3	0.0
Past service cost	2.1	0.0
Expense for the year	5.9	1.7

Provision for severance payments shown on the balance sheet:

Mio EUR	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Balance as of 01/01	8.5	7.7	6.5	5.9	5.4
Current service cost (+)	2.9	1.3	0.9	0.6	0.6
Interest cost (+)	0.7	0.4	0.4	0.4	0.3
Actuarial gains/losses	0.3	0.0	0.0	0.0	0.0
Payments (-)	-0.9	-0.8	-0.5	-0.3	-0.4
Past service cost	2.1	0.0	0.0	0.0	0.0
Change in the consolidation scope	0.0	0.0	0.4	0.0	0.0
Balance as of 12/31	13.4	8.5	7.7	6.5	5.9
Unrecognized actuarial gains/losses	4.9	1.0	1.6	0.9	0.8
Unrecognized past service cost	2.1	0.0	0.0	0.0	0.0
Defined benefit obligation at the end of the period	20.4	9.5	9.3	7.4	6.7

Provision for pensions

Due to individual agreements, some group companies are obligated to accord a pension allowance to the members of the Executive Board 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% / 3.45% (previous year: 5% / 4.97%) and taking adjustments of values from 2% to 3% (previous year: 1.5% to 3%) into account.

Expenses for pensions recognized as personnel cost:

Mio EUR	12/31/2012	12/31/2011
Current service cost	0.7	0.4
Interest cost	0.1	0.4
Actuarial gains/losses	0.0	0.0
Expense for the year	0.8	0.8

Provision for pensions shown on the balance sheet:

Mio EUR	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Balance as of 01/01	11.1	10.3	10.0	9.7	9.4
Current service cost (+)	0.7	0.4	0.3	0.3	0.3
Interest cost (+)	0.1	0.4	0.4	0.4	0.4
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Past service cost	0.0	0.0	0.0	0.0	0.0
Payments (-)	-0.4	-0.5	-0.4	-0.3	-0.3
Change in the consolidation scope	0.0	0.5	0.0	0.0	0.0
Balance as of 12/31	11.6	11.1	10.3	10.0	9.7
Unrecognized actuarial gains/losses	2.2	-1.0	-0.2	-1.5	-1.9
Defined benefit obligation at the end of the period	13.8	10.1	10.1	8.5	7.8

Provision 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% / 5.5% (previous year: 5%) and a pay increase of 3% (previous year: 3%). A fluctuation discount based on an internal statistic on the withdrawals of the last 3 years considering the probable individual continuance in the company was taken into account.

Expenses for jubilee payments recognized as personnel cost:

Mio EUR	12/31/2012	12/31/2011
Current service cost	0.8	0.9
Interest cost	0.2	0.1
Actuarial gains/losses	-0.1	-0.4
Expense for the year	0.9	0.6

Provision for jubilee payments shown on the balance sheet:

Mio EUR	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Balance as of 01/01	3.4	3.0	2.6	2.9	1.3
Current service cost (+)	0.8	0.9	0.5	0.6	1.7
Interest cost (+)	0.2	0.1	0.1	0.1	0.1
Actuarial gains/losses	-0.1	-0.4	-0.1	-0.7	-0.1
Payments (-)	-0.2	-0.2	-0.1	-0.2	-0.1
Past service cost	0.0	0.0	0.0	0.0	0.0
Change in the consolidation scope	0.0	0.0	0.0	0.0	0.0
Balance as of 12/31	4.1	3.4	3.0	2.6	2.9

Other long-term provisions

The other long-term provisions essentially concern the provision for partial retirement obligations, transitional payments for classic games and risks of litigation. The development of other long-term provisions is shown below:

Mio EUR	12/31/2012	12/31/2011
Balance as of 01/01	7.8	1.3
Currency translation adjustments	0.0	0.0
Change in the consolidation scope	0.0	7.4
Consumption	-3.0	-2.5
Disposal	-2.3	-0.1
Allocation	3.6	1.6
Reclassifications	-0.3	0.0
Unwind of discount	0.3	0.1
Balance as of 12/31	6.1	7.8

(20) OTHER NON-CURRENT LIABILITIES

Mio EUR	12/31/2012	12/31/2011
Deferred income	1.8	2.9
Other non-current liabilities	6.6	6.7
Total	8.4	9.6

(21) CURRENT FINANCIAL LIABILITIES

Mio EUR	12/31/2012	12/31/2011
Bond	0.0	150.0
Short-term bank liabilities	69.9	123.4
Short-term obligations under finance leases	2.1	3.8
Short-term financial liabilities	0.0	0.4
Fair value valuation of derivatives	3.3	4.0
Total	75.3	281.6

The short-term financial liabilities are due for settlement within one year.

The stated amount of short-term bank loans approximates their fair value.

(22) CURRENT PROVISIONS

Mio EUR	Unconsumed vacation	Other provisions for personnel	Warranties	Other short-term provisions	Total
Balance as of 12/31/2011	10.9	12.1	2.5	25.0	50.6
Currency translation adjustments	0.0	0.0	0.0	0.0	0.0
Change in the consolidation scope	0.1	0.1	0.0	-1.4	-1.3
Consumption	-5.3	-8.7	-0.1	-18.8	-32.8
Disposal	-0.4	-0.9	-0.1	-1.9	-3.3
Allocation	6.1	21.5	0.1	20.6	48.2
Reclassifications	0.0	-0.3	0.0	0.3	0.0
Balance as of 12/31/2012	11.4	23.7	2.5	23.8	61.3

Other provisions for personnel comprise primarily incentives, royalties and time-credit.

Other short-term provisions mainly include provisions for sites and provisions for legal, auditing, consulting and marketing costs.

(23) TRADE PAYABLES AND OTHER LIABILITIES

Mio EUR	12/31/2012	12/31/2011
Trade payables	61.1	47.3
Payables to non-consolidated affiliated companies	1.3	1.4
Payables to associated companies	0.0	0.0
Down payments received	4.3	3.3
Deferred income	21.3	16.1
Other liabilities from social security obligations	7.2	5.4
Other taxes (except income tax)	58.4	60.8
Other short-term liabilities	69.7	61.0
Total	223.4	195.3

Deferred income is related mainly to the accrual of special rent payments for gaming machines in Germany.

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.

(24) REVENUES

Mio EUR	2012	2011
Sale revenues	139.7	118.0
Operation on slot machines	671.4	600.3
Income from rent and management services	501.4	472.3
Betting income	42.1	38.0
eBusiness income	95.7	84.3
Income from food and beverages	24.4	20.3
Other sales	71.6	56.6
Sales reduction	-9.6	-2.8
Total	1,536.7	1,386.8

(25) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS AND OWN WORK CAPITALIZED

Mio EUR	2012	2011
Changes in inventories of finished goods and work in progress	-5.7	17.4
Own work capitalized	137.9	128.0
Total	132.2	145.4

Own work capitalized mainly consists of Group-produced electronic gaming machines.

(26) OTHER OPERATING INCOME

Mio EUR	2012	2011
Income from the disposal of tangible assets and property, plant and equipment	8.4	8.3
Income from reversal of provisions	4.7	6.6
Other operating income	58.2	48.6
Total	71.4	63.5

Other operating income consists mainly of foreign exchange gains, release of value adjustments, settlements of claims and deconsolidation results associated with the sale of subsidiaries. Foreign exchange gains amount to 9.2 Mio EUR (previous year: 8.6 Mio EUR).

(27) COST OF MATERIAL AND OTHER PURCHASED SERVICES

Mio EUR	2012	2011
Material cost	-199.7	-212.9
Purchased services for production	-8.4	-3.7
Total	-208.1	-216.7

(28) PERSONNEL COSTS

Mio EUR	2012	2011
Wages and salaries	-299.1	-247.7
Expenses for severance payments	-7.8	-3.3
Expenses for pensions	-1.2	-1.3
Expenses for mandatory social contributions and payroll related taxes	-62.6	-57.1
Other social expense	-3.9	-2.9
Total	-374.5	-312.3

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

(29) AMORTIZATION/DEPRECIATION AND IMPAIRMENT

OF INTANGIBLE AND TANGIBLE ASSETS AND INVESTMENT PROPERTY

Mio EUR	2012	2011
Scheduled depreciation / amortization	-223.8	-225.8
Impairment	-18.2	-10.5
Total	-242.0	-236.3

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 4.5 Mio EUR (previous year: 4.7 Mio EUR), on licenses amounting to 0.6 Mio EUR (previous year: 1.9 Mio EUR), on gaming machines amounting to 2.5 Mio EUR (previous year: 2.6 Mio EUR), on buildings amounting to 5.9 Mio EUR (previous year: 0.5 Mio EUR), on investment property amounting to 1.7 Mio EUR (previous year: 0.0 Mio EUR) and on other property, plant and equipment and intangible assets amounting to 3.0 Mio EUR (previous year: 0.8 Mio EUR) were allowed.

(30) GAMING TAXES AND BETTING FEES

Mio EUR	2012	2011
Gaming taxes	-132.5	-115.9
Betting fees	-5.5	-5.3
Total	-138.0	-121.2

(31) OTHER OPERATING EXPENSES

Mio EUR	2012	2011
Other taxes, fees and other charges	-34.4	-24.8
Maintenance	-22.6	-21.5
Energy	-22.4	-18.6
Telephone, communications	-9.9	-7.9
Rent and lease payments	-75.3	-65.6
Insurance	-5.1	-4.8
Vehicle fleet operation costs	-10.0	-9.4
Legal, audit and consulting costs	-22.4	-29.8
Other services received	-35.5	-32.9
Advertising costs	-75.9	-70.5
Traveling costs	-8.4	-6.9
Development, license and patent costs	-20.3	-11.1
Commissions	-7.9	-6.3
Bad debt and valuation adjustment	-23.1	-18.4
Loss from the disposal of fixed assets	-5.9	-7.6
Other expenses	-109.6	-118.5
Total	-488.8	-454.6

Other expenses comprise foreign exchange losses amounting to 2.8 Mio EUR (previous year: 13.4 Mio EUR).

(32) SHARE OF THE PROFIT/LOSS OF ASSOCIATED COMPANIES

Mio EUR	2012	2011
Dragonara Gaming Ltd.	0.0	0.0
Novo Sun S.A.	3.8	0.5
H. Polanz GmbH	0.9	-0.2
Pratergarage Errichtungs- und Betriebsges.m.b.H.	-0.2	0.0
SIM Spielbanken Investitions-Management GmbH	0.0	0.0
SIM Spielbanken Investitions- und Beteiligungs- Management GmbH & CO KG	-0.4	0.2
Telcos S.R.L.	0.0	0.4
Total	4.1	0.8

(33) FINANCIAL INCOME

Mio EUR	2012	2011
Interest income	7.8	3.4
Income from the disposal of financial assets	1.7	0.0
Income from other investments	0.0	0.0
Fair value valuation of interest rate swaps	1.1	0.5
Interest from finance lease receivables	3.8	3.0
Other financial income	6.3	6.3
Total	20.7	13.3

(34) FINANCIAL EXPENSES

Mio EUR	2012	2011
Interest expenses	-15.1	-11.8
Interest expenses for bond	-21.0	-22.4
Fair value valuation of interest rate swaps	0.0	0.0
Interest on obligation under finance lease	-0.2	-0.3
Other financial expenses	-4.6	-19.1
Total	-40.8	-53.6

(35) INCOME TAXES

Mio EUR	2012	2011
Current income tax expenses	-88.4	-77.5
Current income tax relating to other periods	2.3	-1.4
Deferred tax income/expense	7.6	10.0
Total	-78.5	-69.0

A reconciliation of income tax applying the Austrian corporate income tax rate of 25% (previous year: 25%) to the effective tax rate for the 2012 business year is stated below:

Mio EUR	2012	2011
Earnings before taxes	272.9	215.1
Computed income tax expense of 25% (previous year: 25%)	-68.2	-53.8
Adjustment of the computed income tax expense		
Differing foreign tax rates	-5.4	-4.1
Effects of non-taxable income	4.7	0.0
Effects of non-deductible expenses	-9.9	-4.4
Effects of tax advantages	0.0	2.1
Current income tax relating to other periods	2.3	-1.3
Effects of change in tax rate of deferred taxes	0.6	0.0
Effects on the real tax expenses of initially not recognized and unused tax-losses carry forward and possible offsets	2.0	0.7
Effects on deferred tax expenses of initially not recognized and unused tax-losses carry forward and possible offsets	0.9	0.0
Effects of the reversal of a previous adjustment of a deferred tax asset	0.1	0.0
Effects of unused tax-losses carry forward and possible offsets not recognized as deferred taxes	-3.7	-6.0
Withholding tax	-1.5	-1.3
Other	-0.4	-1.0
Effective group income tax expense	-78.5	-69.0
Effective group income tax rate	28.8%	32.1%

Taxes on income comprised in other comprehensive income:

Mio EUR	2012	2011
Changes from the revaluation of securities classified as available for sale	-2.5	0.5
Deferred taxes	-2.5	0.5

(36) RESULT FROM DISCONTINUED OPERATIONS

The Group withdrew from business in the Russian market owing to changes in the regulatory environment of the Russian gaming industry. Operational subsidiaries discontinued their activities as of 30 June 2009. The withdrawal of the business in this area had been shown as “result from discontinued operations.”

Result from discontinued operations

Mio EUR	2012	2011
Revenues	0.0	0.0
Other operating income	0.0	16.2
	0.0	16.2
Expenses	0.0	-2.1
Earnings before taxes	0.0	14.1
Attributable taxes on income	0.0	0.0
Gain/Loss from discontinued operations	0.0	14.2

Cash flow from discontinued operations

Mio EUR	2012	2011
Cash flow from operating activities	0.0	5.7
Cash flow from investing activities	0.0	0.4
Cash flow from financing activities	0.0	-5.7
Total cash flow	0.0	0.3

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 which are not reflected in the cash flow statement: receivables related

to the sale of fully consolidated subsidiaries amounting to 14.7 Mio EUR and liabilities concerning the acquisition of companies amounting to 9.0 Mio EUR.

Notes to the Segment Reporting

For management purposes, the Group is divided into two business segments. The segment reporting shows this strategic orientation. The comparative figures of the previous year have been adjusted accordingly.

The segment “Gaming Technology” includes the production, sale and rental of gaming and entertainment machines as well as 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 the online B2C operation.

The reconciliation comprises key assets and liabilities and adjustments due to consolidation.

The inter-segment exchange of goods and services shows the supply and service relationships between the operating segments. The charging is carried out “at arm’s length.” Intercompany expenses, income and profits are eliminated on 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.

Segment revenues

2012 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	673.2	863.1	0.4	1,536.7
Intra-segment revenues	74.9	3.8	-78.7	0.0
Total revenues	748.1	866.9	-78.3	1,536.7

2011 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
External revenues	612.8	772.7	1.3	1,386.8
Intra-segment revenues	66.7	3.5	-70.2	0.0
Total revenues	679.5	776.2	-68.9	1,386.8

Segment result

2012 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
Segment result (EBIT)	193.9	105.3	-10.3	288.9
Financial result				-16.0
Earnings before taxes				272.9
Income taxes				-78.5
Profit from continuing operations				194.3
Discontinued operations				0.0
Profit after taxes				194.3

2011 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
Segment result (EBIT)	186.4	70.5	-2.4	254.5
Financial result				-39.4
Earnings before taxes				215.1
Income taxes				-69.0
Profit from continuing operations				146.2
Discontinued operations				14.2
Profit after taxes				160.3

Segment assets and liabilities

2012 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
Segment assets	768.9	632.2	156.6	1,557.6
Segment liabilities	191.1	217.8	-87.3	321.7

2011 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
Segment assets	738.1	562.3	139.2	1,439.6
Segment liabilities	161.5	214.3	-96.3	279.5

Other segment information

2012 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
Depreciation / amortization	-151.2	-75.1	-15.7	-242.0
Investments	152.5	87.0	36.6	276.0
Income from associates	0.0	4.3	-0.2	4.1
Carrying amount of associated companies	0.0	95.0	0.3	95.3

2011 Mio EUR	Gaming Technology	Gaming Operations	Reconciliation	Total
Depreciation / amortization	-156.5	-65.6	-14.2	-236.3
Investments	179.9	82.3	30.1	292.3
Income from associates	0.0	0.5	0.4	0.8
Carrying amount of associated companies	0.0	83.9	0.4	84.4

Geographical segments

The Group operates in the geographical regions "Europe" and "International."

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

2012 Mio EUR	Europe	International	Total
Segment revenues	1,445.7	91.0	1,536.7
Segment assets	1,473.3	84.3	1,557.6

2011 Mio EUR	Europe	International	Total
Segment revenues	1,312.2	74.6	1,386.8
Segment assets	1,385.2	54.4	1,439.6

Financial instruments

12/31/2012

CATEGORY ACC. TO IAS 39

Mio EUR		Loans and receivables	Assets available for sale	Other financial liabilities	Derivative instruments
Non-current assets					
Intangible assets	272.1				
Property, plant and equipment	814.2				
Investment property	27.0				
Investments in associated companies	95.3				
Non-current financial assets	33.8		33.8		
Deferred tax assets	38.9				
Other non-current assets	150.3	150.3			
Total non-current assets	1,431.6	150.3	33.8	0.0	0.0
Current assets					
Inventories	141.4				
Trade and other receivables	239.0	220.1			
Current tax receivables	24.1				
Current financial assets	19.4	12.7	6.7		
Cash and cash equivalents	367.2	367.2			
Assets held for sale	0.0				
Total current assets	791.2	600.1	6.7	0.0	0.0
Total ASSETS	2,222.9	750.4	40.5	0.0	0.0
Equity					
Share capital	26.0				
Capital reserve	1.0				
Retained earnings	933.5				
Revaluation reserve	5.3				
Currency translation adjustment	-27.3				
Non-controlling interests	35.8				
Total equity	974.3	0.0	0.0	0.0	0.0
Non-current liabilities					
Non-current financial liabilities	755.9			755.9	
Non-current provisions	35.1				
Non-current tax liabilities	13.9				
Deferred tax liabilities	39.3				
Other non-current liabilities	8.4			6.6	
Total non-current liabilities	852.6	0.0	0.0	762.5	0.0
Current liabilities					
Current financial liabilities	75.3			72.0	3.3
Current provisions	61.3				
Current tax liabilities	36.0				
Trade payables and other liabilities	223.4			136.4	
Total current liabilities	396.0	0.0	0.0	208.3	3.3
Total EQUITY AND LIABILITIES	2,222.9	0.0	0.0	970.8	3.3

Financial instruments

12/31/2011

CATEGORY ACC. TO IAS 39

Mio EUR		Loans and receivables	Assets available for sale	Other financial liabilities	Derivative instruments
Non-current assets					
Intangible assets	248.9				
Property, plant and equipment	765.8				
Investment property	25.9				
Investments in associated companies	84.4				
Non-current financial assets	13.6		13.6		
Deferred tax assets	37.3				
Other non-current assets	98.5	98.5			
Total non-current assets	1,274.4	98.5	13.6	0.0	0.0
Current assets					
Inventories	144.2				
Trade and other receivables	192.3	174.3			
Current tax receivables	30.2				
Current financial assets	22.7	21.1	1.6		
Cash and cash equivalents	512.2	512.2			
Assets held for sale	7.7				
Total current assets	909.3	707.7	1.6	0.0	0.0
Total ASSETS	2,183.7	806.2	15.2	0.0	0.0
Equity					
Share capital	26.0				
Capital reserve	1.0				
Retained earnings	790.9				
Revaluation reserve	-2.2				
Currency translation adjustment	-25.5				
Non-controlling interests	51.4				
Total equity	841.5	0.0	0.0	0.0	0.0
Non-current liabilities					
Non-current financial liabilities	682.1			682.1	
Non-current provisions	30.8				
Non-current tax liabilities	13.9				
Deferred tax liabilities	36.0				
Other non-current liabilities	9.6			6.7	
Total non-current liabilities	772.4	0.0	0.0	688.8	0.0
Current liabilities					
Current financial liabilities	281.6			277.5	4.0
Current provisions	50.6				
Current tax liabilities	42.4				
Trade payables and other liabilities	195.3			113.0	
Total current liabilities	569.8	0.0	0.0	390.5	4.0
Total EQUITY AND LIABILITIES	2,183.7	0.0	0.0	1,079.3	4.0

Valuation of financial instruments

The following hierarchy is used by NOVOMATIC AG in order to assign the financial instruments valued at fair value to a valuation method:

Step 1: Valuation according to listed (unadjusted) prices on active markets for financial instruments.

Step 2: Valuation according to market prices for similar instruments or according to valuation models based on valuation parameters only observable on the market.

Step 3: Valuation according to parameters which significantly affect the fair value and are not based on observable market data. As of 31 December 2012, there were no financial instruments to be classified as step 3 instruments.

Mio EUR	12/31/2012	12/31/2011	Step 1	Step 2
Assets				
Financial assets available for sale	35.0	11.0	35.0 11.0	
Liabilities				
Derivative instruments	3.3	4.0		3.3 4.0

The carrying amount and the fair value of financial instruments valued at amortized costs are shown as follows:

Mio EUR	2012		2011	
	Book value	Fair value	Book value	Fair value
Assets				
Trade receivables	150.4	150.4	144.6	144.6
Loans	58.8	58.8	13.2	13.2
Other assets	179.6	179.6	140.3	140.3
Liabilities				
Bond	348.6	360.3	498.2	495.3
Loans	1.3	1.3	1.3	1.3
Bank and lease liabilities	476.9	481.9	459.1	464.4
Trade payables	62.4	62.4	48.7	48.7
Other liabilities	81.6	81.6	72.0	72.0

The market value of bank and lease liabilities was determined by the calculation of the discounted future cash flows related to these liabilities, taking into account the market interest rate as of the balance sheet date. The fair value of the bond refers to its respective market price.

Cash, trade receivables and trade payables as well as all other items mainly have short maturities. Therefore, their carrying amounts as of the balance sheet date correspond with the fair value.

The following chart shows the net result per category according to IAS 39:

12/31/2012	Subsequent measurement			Disposal	
	Allowances	At fair value	Other results	Results	Net results
Mio EUR					
Loans and receivables	-23.1				-23.1
Derivative instruments		1.1			1.1

12/31/2011	Subsequent measurement			Disposal	
	Allowances	At fair value	Other results	Results	Net results
Mio EUR					
Loans and receivables	-18.4				-18.4
Derivative instruments		0.5			0.5

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. This way it is ensured that all affiliates can operate under the going-concern proposition.

The development of the financial structure is supervised 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 executive board, which uses those ratios for further corporate development.

Financial Risk Management

NOVOMATIC AG Group controls, monitors and limits the financial risks connected to the business segments of the Group. 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 if necessarily collateralized 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

The liquidity or financing risk is the risk associated with the company's 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 AG Group places an additional focus on liquidity risk and its control. Liquidity and financial flexibility at any time is granted through the existent liquid funds and the available financing margin. Based on the results of the Group strategy and Group planning processes, liquidity planning on a rolling basis is effected, 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 AG 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 2012.

In addition to the traditional loan financing, forms of capital market financing such as bonds and promissory notes grew in importance.

NOVOMATIC AG completely redeemed and terminated the revolving syndicated loan from 6 July 2007 amounting to 100 Mio EUR as of 4 July 2012. This syndicated loan was already refinanced in May 2012 by credit facilities with a total volume of 190 Mio EUR. Furthermore, an OEKB equity financing arrangement amounting to 20 Mio EUR was concluded in 2012. The bond issued by NOVOMATIC AG amounting to 150 Mio EUR, which was due on October 11, 2012, was redeemed according to the agreement. A base prospectus concerning an issuance program of NOVOMATIC AG in the amount of 500 Mio EUR was drawn up and approved by the Austrian Financial Market Authority as of 19 December 2012 as preparation for a further capital market transaction.

To reduce refinancing risk, NOVOMATIC AG continually invested funds in 2012 in order to provide for the redemption of substantial financial liabilities which will be due in the years to come. In keeping with its conservative investment strategy, the Group only used money market investments of banks with an excellent rating in order to minimize the risk of capital loss.

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 with high creditworthiness predominate.

To screen all relevant financial risk positions, the limits are under ongoing monitoring. The limit for counterparty credit risk depends on the trade type and the creditworthiness of the counterparty, while paying due regard to a balanced

distribution of the funds to avoid non-diversified risk. If a transaction exceeds the limit, measures are immediately initiated to meet the defined target figures. Furthermore, the development of the counterparties' creditworthiness in the finance sector is monitored continually in order to minimize the default risk.

The NOVOMATIC AG Group is exposed to counterparty credit risk in the sales business, as customers might not fulfill their payment obligations in full or when they fall due. The risk is limited by regularly analyzing the creditworthiness of the customer portfolio. The default risk is partially reduced through additionally demanded collaterals like received deposits, guarantees or letters of credit. Through contractually secured reservations of title and agreed payments per direct debit the risk of the NOVOMATIC AG Group is further minimized. Owing to a multitude 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 the book value as well. 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.

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 and leasing liabilities at their discounted present value, whereas other liabilities are shown in the amount of the non-discounted cash flows for the following business years:

Mio EUR	2013	2014–2017	2012	2013–2016
Bond	16.5	388.5	171.2	248.8
Bank loans	76.5	206.8	130.8	273.6
Lease liabilities	2.1	4.4	3.8	5.7
Trade payables	62.4	0.0	48.7	0.0
Derivative financial instruments	3.3	0.0	4.0	0.0
Other payables	80.6	1.0	69.7	2.3

Market Risk

a) Interest rate risk

In the context of external financing activities as well as its capital investment strategy, NOVOMATIC AG 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 are concluded to minimize the 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.

A guideline defined by the Executive Board is the basis for all hedge transactions. Derivative financial instruments are concluded exclusively for the purpose of collateralizing underlying transactions, and not out of speculative considerations. 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.

Mio EUR	2012		2011	
	+50 basis points	-50 basis points	+50 basis points	-50 basis points
Change (in basis points)				
Change in the profit before taxes	0.6	-0.6	0.3	-0.3
Change in equity	0.4	-0.4	0.2	-0.2

b) Exchange risk

The risk resulting from fluctuations in the value of financial instruments, other items of the balance sheet (e.g. receivables and liabilities) and/or cash flows denominated in foreign currencies due to currency fluctuations is called currency risk or 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 another currency than the invoicing currency (indirect currency risk).

The development of the exchange risk relevant for transactions in foreign currency is constantly monitored and, if necessary, collateralized to minimize this risk.

If necessary, these transactions are secured in order to minimize the risk of exchange 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 payers' position because of the invoiced payments for material in USD. Some of the current need for USD is secured by means of futures.

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.

Mio EUR	2012		2011	
	+10 USD cents	-10 USD cents	+10 USD cents	-10 USD cents
Exchange rate fluctuation USD to EUR				
Change in the profit before taxes	1.5	-1.7	1.4	-1.6
Change in equity	1.1	-1.3	1.0	-1.2

Interest-bearing financial liabilities of the NOVOMATIC AG Group are mainly in Euros as of the balance sheet date, for which reason no material exchange risk exists in this respect.

c) Capital investments

In this area, the risks primarily denote exchange rate and valuation risks related to capital investments. The capital investments held by the NOVOMATIC AG Group comprise predominantly gold, shares in investment funds and publicly listed stocks that were affected by the global price fluctuations during the period under report.

In June 2009, NOVOMATIC AG invested 1.0 Mio EUR in participation capital of an Austrian credit institution. The risk consists in the potential failure of yearly interest

payments should there be no disburseable profit, as well as of reimbursement of capital at maturity.

Contracts for call options for shares in companies in Macedonia and Bulgaria were concluded as security for loans. There is a risk that at the time the option is exercised the company's shares would be less valuable than the outstanding receivables.

There were no significant further capital investment-related events in 2012.

Derivative financial instruments

To collateralize financial risks, NOVOMATIC AG has concluded the following derivatives:

Mio EUR	12/31/2012		12/31/2011	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap, 2007–2014	30.0	-1.9	30.0	-2.5
Interest rate swap, 2013	0.8	0.0	1.6	-0.1
Forward Start IRS, 2010–2014	30.0	-1.3	30.0	-1.5
USD futures trading	13.3	-0.1	11.3	1.0

The market value of the derivative instruments corresponds with the amount that the respective company would receive or would have to pay in case of cancellation of the transaction as of the balance sheet date. For this, the prevailing market conditions and especially the prevailing interest levels are taken into account.

Other Information

Average numbers of employees

The average number of employees evolved as follows:

	12/31/2012	12/31/2011
Salaried employees	4,370	3,943
Workers	8,982	7,875
Total	13,352	11,818

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 they are filed at the Regional Court of Wiener Neustadt under FN 381832v. In 2012, 100% of shares in

Group audit fees

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

Mio EUR	2012	2011
Group audit and audit of financial statements	1.3	1.3
Audit-related services	0.0	0.0
Tax advisory services	0.1	0.1
Other consultancy	0.1	0.1

Airline GmbH were acquired from a company of the Novo Invest Group.

The following table contains the total amount of related party transactions for the respective period:

Mio EUR	Associated companies		Management		Other	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Receivables	0.7	2.0	0.0	0.0	1.7	0.5
Liabilities	0.0	0.0	0.2	0.0	14.4	5.8
Revenues	2.4	2.4	0.0	0.0	6.7	9.1
Material cost	0.0	0.0	0.0	0.0	33.0	32.2
Consulting services	0.0	0.0	0.3	0.2	0.3	10.0
Research and development	0.0	0.0	0.0	0.0	8.5	3.3
Other expenses	1.2	1.2	0.0	0.0	2.0	2.1

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

The heading "Management" comprises the Supervisory Board and the Executive Board 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. The NOVOMATIC AG Group sold developed property to a related company for 7.5 Mio EUR. Furthermore, the NOVOMATIC AG Group bought 75% of shares in Admiral Play GmbH from a related company.

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

Contingent liabilities

Mio EUR	12/31/2012	12/31/2011
Bill commitments	0.2	0.3
Suretyships and guarantees	11.7	10.4
Total	11.9	10.7

The Group granted payment guarantees against UniCredit Bank Austria AG amounting to 1.0 Mio EUR (previous year: 1.0 Mio EUR) for Mega Games Srl. Bozen in favor of Atlantis World Group of Companies N.V. Netherlands and another one amounting to 0.5 Mio EUR (previous year: 0.0 Mio. EUR) in favor of an employee as well as against Raiffeisenlandesbank Niederösterreich-Wien AG in favor of Canwast Holding & Consulting GmbH amounting to 3.0 Mio EUR (previous year: 3.0 Mio EUR). Payment guarantees were granted against the regulatory authority AAMS amounting to 7.2 Mio EUR (previous year: 6.4 Mio EUR) due to the market entry in Italy.

All ten gaming concessionaires in Italy (and thus also G. Matica Srl., a NOVOMATIC AG Group company) were told to pay damages (share of G.Matica Srl. 150 Mio EUR) in a first-instance judgement received in February 2012. The judgement has been justified by allegations of culpable contract infringements of the concessionaires in relation to the networked accounting system for gaming machines in the years 2004–2007 and that “public damage” occurred as a result. NOVOMATIC AG Group holds this compensation claim to be completely unjustified and has appealed against this first-instance judgement.

Subsequent events after date of balance sheet

In January 2013, NOVOMATIC AG issued a bullet bond with an issue volume of 250 Mio EUR, an interest rate of 4% p.a. and a term until 28 January 2019.

In January 2013, 80% of the shares in So.ge.slot S.p.A., a group of companies in Italy specialized in the operation of gaming machines, were acquired for a guaranteed purchase price of 11 Mio EUR and an increasing purchase price adjustment dependent on the achievement of defined EBITDA targets in the next three years.

In February 2013, 100% of shares in an Austrian company in the field of mobile gaming were bought for a fixed purchase price of 6 Mio EUR plus a variable component depending on the sales of the next 3 years. The purchase price allocations have not been completed yet, for which reason such information is omitted.

With the amendment to the Austrian Gaming Act, “low-stakes gaming” on machines was also newly regulated. In February 2013, Carinthia followed Lower and Upper Austria in its decision in favor of licensing according to the new tendering regulations, whereby licences were granted to NOVOMATIC AG Group.

Company bodies

The following members of the Executive Board were appointed for the 2012 business year:

Dr. Franz Wohlfahrt (Chairman of the Executive Board)

KR Dipl. Ing. Ryszard Presch

(Deputy Chairman of the Executive Board)

Mag. Peter Stein (CFO)

Mag. Thomas Graf (CTO)

In business year 2012, the Supervisory Board was constituted by the following members:

KR Herbert Lugmayr (Chairman of the Supervisory Board)

Dr. Bernd Oswald (Deputy Chairman of the Supervisory Board until July 2012)

Helmut Jell (Deputy Chairman of the Supervisory Board since July 2012)

Mag. Dr. Karl Pour

Dr. Christian Widhalm (since July 2012)

The current total remuneration of the members of the Executive Board of NOVOMATIC AG amounted to 5.3 Mio EUR for business year 2012 (previous year: 2.3 Mio EUR). Of the expenses for severance payments and pensions 3.1 Mio EUR (previous year: 0.2 Mio EUR) and 0.3 Mio EUR (previous year: 0.3 Mio EUR), respectively, were attributed to the Executive Board. The members of the Supervisory Board received 0.5 Mio EUR (previous year: 0.3 Mio EUR) for their function during business year 2012. No liabilities for loans to members of the Supervisory Board and the Executive Board existed in business year 2012.

Publication

The present consolidated financial statements were released on 29 March 2013 by the Executive Board for examination by the Supervisory Board, for submission to the general shareholders' meeting, and for subsequent publication.

Statement of the Executive Board

We confirm to the best of our knowledge that the consolidated financial statements as of 31 December 2012 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 31 December 2012 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 that the Group faces.

We confirm to the best of our knowledge that the separate financial statements as of 31 December 2012 give a true and fair view of the financial position, financial performance and cash flows of NOVOMATIC AG required by the Austrian Commercial Code, and that the management report of 31 December 2012 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, 29 March 2013

The Executive Board of NOVOMATIC AG:



Dr. Franz Wohlfahrt
CEO



DI Ryszard Presch
COO



Mag. Thomas Graf
CTO



Mag. Peter Stein
CFO

NOVOMATIC AG

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 1 January 2012 to 31 December 2012. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2012, 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 31 December 2012, 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 31 December 2012 and of its financial performance and its cash flows for the fiscal year from 1 January 2012 to 31 December 2012 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, 29 March 2013

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 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.



05

SEPARATE FINANCIAL STATEMENT NOVOMATIC AG

BALANCE SHEET OF NOVOMATIC AG
PROFIT AND LOSS ACCOUNT
NOTES FOR FINANCIAL YEAR 2012
AUDITOR'S REPORT
REPORT OF THE SUPERVISORY BOARD

NOVOMATIC AG

Balance Sheet

as of 31 December 2012

ASSETS	12/31/2012	12/31/2011
	EUR	KEUR
A. FIXED ASSETS		
I. Intangible assets		
Industrial and similar rights and assets and licences in such rights and assets	33,995,005.63	30,768
II. Tangible assets		
1. Land, buildings and improvements to third-party buildings	176,814,653.66	168,554
2. Plants and machinery	135,237.71	148
3. Office fixtures, fittings and equipment	2,045,313.33	2,121
4. Tangible assets in course of construction	2,587,735.75	6,119
	181,582,940.45	
III. Financial assets		
1. Shares in affiliated companies	394,011,615.87	360,764
2. Loans to affiliated companies	276,870,047.25	270,641
3. Investments	3,738,607.00	3,739
4. Loans to associated companies	755,639.12	0
5. Securities held as fixed assets	17,923,982.41	8,312
6. Other loans	41,564,009.49	5,417
	734,863,901.14	
	950,441,847.22	856,583
B. CURRENT ASSETS		
I. Receivables and other assets		
1. Trade receivables	350,129.10	373
2. Receivables from affiliated companies	128,284,221.75	92,952
3. Receivables from investments in associates	0.00	175
4. Other receivables and assets	25,078,298.48	8,182
	153,712,649.33	
II. Securities and interests	6,620,174.86	0
III. Cash, bank deposits	25,950,039.39	195,733
	186,282,863.58	297,415
C. PREPAID EXPENSES		
1. Prepaid expenses	987,513.15	1,469
2. Deferred tax assets	5,132,089.90	3,182
3. Discount	573,814.22	872
	6,693,417.27	5,523
	1,143,418,128.07	1,159,521

SHAREHOLDERS' EQUITY AND LIABILITIES	12/31/2012	12/31/2011
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 EUR 124,382,163.04, prior year: KEUR 106,121)	281,172,630.79	174,382
	309,772,630.79	202,982
B. UNTAXED RESERVES		
Valuation reserve from special depreciation allowances	149,580.44	156
C. PROVISIONS		
1. Provision for severance payment	8,076,423.00	2,450
2. Provision for pensions	2,897,300.00	1,552
3. Provision for corporate income tax	6,604.52	3,317
4. Other provisions	12,260,102.71	4,649
	23,240,430.23	11,968
D. LIABILITIES		
1. Bonds	350,000,000.00	500,000
2. Due to banks	438,221,050.58	424,529
3. Trade payables	2,284,510.91	3,175
4. Payables to affiliated companies	6,283,760.17	2,211
5. Other liabilities		
a) thereof from taxes	288,991.51	22
b) thereof from social security	132,272.11	124
c) others	13,044,901.33	14,354
	13,466,164.95	
	810,255,486.61	944,415
	1,143,418,128.07	1,159,521
CONTINGENT LIABILITIES	64,294,454.99	67,619

NOVOMATIC AG

Profit and Loss Account

*for the period
from 1 January 2012 to 31 December 2012*

	2012 EUR	2011 KEUR
1. Sales	65,918,166.52	46,593
2. Other operating income		
a) Income from the disposal of fixed assets except financial assets	349,250.78	400
b) Income from the release of provisions	19,673.55	8
c) Other	1,922,453.68	841
	2,291,378.01	
3. Personnel expenses		
a) Salaries	-15,896,596.05	-5,784
b) Expenses for severance payments and contributions to external severance payments funds	-5,716,588.56	-1,065
c) Pension expenses	-1,319,993.94	-255
d) Cost of statutory social security, payroll-related taxes and mandatory contributions	-1,554,143.08	-1,033
e) mandatory contributions	-321,151.34	-221
	-24,808,472.97	
4. Amortization of intangible assets and depreciation of tangible assets	-20,787,174.64	-18,253
5. Other operating expenses		
a) Taxes not included in line 15	-156,369.96	-189
b) Other	-38,598,782.57	-23,111
	-38,755,152.53	
6. Operating income (subtotal of lines 1 to 5)	-16,141,255.61	-2,069

	2012 EUR	2011 KEUR
7. Investment income (thereof from affiliated companies: EUR 182,644,038.21; prior year: KEUR 90,230)	182,815,724.49	90,701
8. Income from other investments and long term loans (thereof from affiliated companies: EUR 11,125,625.88; prior year: KEUR 10,509)	12,366,887.01	11,006
9. Other interest and similar income (thereof from affiliated companies: EUR 0.00; prior year: KEUR 1,969)	2,892,961.68	3,298
10. Gain from the disposal of and the appreciation to financial assets and securities held as current assets	4,560,548.85	260
11. Expenses from financial assets and securities held as current assets (thereof depreciation: EUR 794,342.52; prior year: KEUR 6,970) (thereof from affiliated companies: EUR 0.00; prior year: KEUR 4,087)	-811,142.52	-6,978
12. Interest and similar expenses (thereof from affiliated companies: EUR 7,704.90; prior year: KEUR 9)	-34,995,311.06	-33,105
13. Financial result (subtotal of lines 7 to 12)	166,829,668.45	65,182
14. Results from ordinary activities	150,688,412.84	63,113
15. Taxes on income (thereof tax apportionment EUR 7,120,154.77; prior year KEUR 4,164)	6,095,621.68	5,146
16. Net income for the year	156,784,034.52	68,259
17. Disposals of untaxed reserves Valuation reserve from special depreciation allowances	20,824.92	18
18. Allocation to untaxed reserves Valuation reserve from special depreciation allowances	-14,391.69	-16
19. Net profit for the year	156,790,467.75	68,261
20. Profits carried forward from previous year	124,382,163.04	106,121
21. Retained profits	281,172,630.79	174,382

NOVOMATIC AG

Notes

*for financial year 2012***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, unless 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 that incurred during the current period or in previous periods were considered.

The profit and loss account was prepared according to the total expenditure format. 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 in accordance with section 223 para 7 of the Austrian Commercial Code.

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 fiscally 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 according to a useful life of 4–10 years.

Additions of about KEUR 16,740 primarily concern specific software rights which 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 27,866 (previous year: KEUR 26,589).

1.2. Tangible assets

The real estate value of undeveloped and built-up land amounts to KEUR 40,387 (previous year: KEUR 38,147).

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 through the 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 acquisition of a property in Vösendorf and the new construction/completion of a modern logistics center in Gumpoldskirchen.

2. Financial assets

Financial assets are valued at acquisition costs.

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

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

- » a 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 33,411 are mainly due to the capital increases of KEUR 19,900 at an Italian subsidiary and the incorporation of an American subsidiary with capital of KEUR 8,100. Furthermore, the capital of an affiliated investment company was increased by KEUR 5,300.

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

Loans granted to affiliated companies amount to KEUR 276,870 (previous year: KEUR 270,641). This change concerned subsidiaries with promising growth prospects.

Other loans, with acquisition costs amounting to KEUR 43,292 (previous year: KEUR 7,037), increased by KEUR 38,476 because of the appropriation of funds to business associates. Accumulated impairment amounting to KEUR 1,728 (previous year: KEUR 1,619) rose by KEUR 109 due to the lack of earning prospects of debtors.

Of loans granted to affiliated companies, an amount of KEUR 4,733 (previous year: KEUR 5,268) 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 particularly allocations in the amount of KEUR 86,269 with the subsidiary Austrian Gaming Industries GmbH and KEUR 36,092 with the subsidiary HTM Hotel und Tourismus Management GmbH. These balances include the distributions of profit declared for 2012 but not yet collected from Austrian Gaming Industries GmbH in the amount of KEUR 85,000 and from HTM Hotel und Tourismus Management GmbH in the amount of KEUR 22,000.

Intercompany receivables are managed on an open item basis with an interest rate of 1.875% to 3.750%. Interest earnings are included in the financial result. The receivables from affiliated companies include trade receivables in the amount of KEUR 3,924 (previous year: KEUR 6,811). The remaining time to maturity of the receivables – as in the previous year – is less than one year.

1.3. Other receivables and assets

Other receivables and assets amount to KEUR 25,078 (previous year: KEUR 8,182) and mainly concern a depot for precious metals amounting to KEUR 20,425 (in the previous year primarily allocations with tax authorities amounting to KEUR 6,649). Other receivables in the amount of KEUR 73 (previous year: KEUR 85) are due in more than one year.

C. Prepaid expenses

The prepaid expenses amounting to KEUR 6,693 consist of deferred tax assets, a capitalized discount and expenditures pertaining to 2013 and the following 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: 5%) 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 5,626 (previous year: KEUR 950), concern changes in provisions for severance payments.

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: 5%) and value adjustments of 3%. Pension expenses, at KEUR 1,345 (previous year: KEUR 270), concern the changes in provisions.

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 for the executive board, 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: 5%) 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 a prior-year value of KEUR 3,310 was entirely consumed due to the subsequent taxation of losses.

MATURITY

IN 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	0
(previous year)	150,000	200,000	150,000
Due to banks	58,673	169,498	210,050
(previous year)	106,596	248,571	69,362
Trade payables	2,285	0	0
(previous year)	3,175	0	0
Payables to affiliated companies	5,968	316	0
(previous year)	1,903	308	0
Other liabilities	13,466	0	0
(previous year)	14,500	0	0

D. Liabilities

In 2010, two bonds were issued within the framework 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, a maturity of 5 years, and bears interest of 4.5% p.a.; the October 2010 bond amounts to KEUR 150,000, has a maturity of 7 years, and bears interest of 5% p.a.

In 2012, the bond issued in 2005, amounting to KEUR 150,000, was redeemed at maturity.

Payables to affiliated companies amounting to KEUR 5,398 (previous year: KEUR 1,701) concern other liabilities. Of the other liabilities, expenses in the amount of KEUR 13,851 (previous year: KEUR 13,551) will be affecting payment only after the balance sheet date.

E. Contingent liabilities

At balance sheet date, there are contingent liabilities amounting to KEUR 64,294 (previous year: KEUR 67,619); of this sum, an amount of KEUR 57,505 (previous year: KEUR 60,755) concerns affiliated companies.

Contingent liabilities comprise comfort letters or guarantees for bank loans as well as deficiency guarantees for affiliated companies, and are composed as follows:

a) Contingent liabilities

BANK	Company in favor	Security	Ceiling KEUR	As of
				31 Dec. 2012 KEUR
UniCredit Vienna	ADMIRAL Sportwetten GmbH	Comfort letter	3,363	395
BAWAG	ADMIRAL Sportwetten GmbH	Comfort letter	1,000	0
UniCredit Vienna	HTM Hotel & Tourismus Management GmbH	Comfort letter	200	200
UniCredit Vienna	HTM Hotel & Tourismus Management GmbH	Comfort letter	6,000	6,000
Raiffeisenlandesbank OOE	HTM Hotel & Tourismus Management GmbH	Comfort letter	1,144	1,144
	HTM Hotel & Tourismus Management GmbH	Deficiency guarantee in favor of		
		D. Pirker	630	52
		G. Pirker	210	17
Allg. Sparkasse OOE	ADMIRAL Sportwetten GmbH	Comfort letter	1,000	39
Raiffeisenlandesbank NOE-Wien AG	ADMIRAL Sportwetten GmbH	Comfort letter	2,280	75
Raiffeisenlandesbank OOE	ADMIRAL Casinos & Entertainment AG	Comfort letter	600	600
Erste Group Bank AG	ADMIRAL Casinos & Entertainment AG	Guarantee	2,200	2,200
Raiffeisenlandesbank NOE-Wien AG	Canvast Holding & Consulting GmbH	Loan guarantee	3,000	3,000
National Westminster Bank Plc	Astra Games Ltd.	Guarantee	1,848	580
Hypo Bank Burgenland	ADMIRAL Casinos & Entertainment AG	Guarantee	176	176
Spk. Kremstal-Pyhrn	Trust Company 3	Comfort letter	1,700	1,254
UniCredit Vienna	Crown Gaming S.A.C.	Guarantee	15,202	1,777
Erste Bank AG	Trust Company 3	Guarantee	2,000	1,995
Nord LB	ADMIRAL Sportwetten GmbH, Germany	Guarantee	5,000	5,000
UniCredit, Vienna / Hypo Vereinsbank	BPA Freizeit-und Unterhaltung Elektr. GmbH	Loan collateral guarantee	4,300	0
UniCredit, Vienna / Banco Itau, Chile	San Francisco Investment S.A.	Bank guarantee	3,790	3,790
Banco Popolare Di Milano, Italy	G. Matica	Guarantee	28,000	28,000
Cassa Di Risparmio Di Parma, Italy	G. Matica	Guarantee	8,000	8,000
TOTAL				64,294

b) 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:

IN KEUR	Due within 1 year	Due within 5 years
Obligations from current lease contracts	1,037	5,184
(previous year)	1,009	5,044

III. Explanations Concerning the Profit & Loss Account

1. Breakdown of sales

1.1. Areas of activity

IN KEUR	Reporting period	Previous year
Income from trademarks and licenses	43,448	19,453
Group charges	0	7,130
Provision of personnel	3,646	2,602
Income from rental and operating costs	18,824	17,408
	65,918	46,593

1.2. Geographical areas

IN KEUR	Reporting period	Previous year
Domestic income	56,933	39,753
Income third countries (EU)	8,985	6,840
	65,918	46,593

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- & Tourismus Management GmbH, Austria
- » Wett Café Betriebsgesellschaft m.b.H., Austria (new member since 2012)
- » ADMIRAL Casinos & Entertainment AG, Austria (new member since 2012)
- » Adria Gaming International S.p.A., Italy
- » AS Novoloto, Estonia (eliminated from the tax group since 2012)
- » 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 by 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 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 presents itself as follows:

IN KEUR

Corporate income tax expense, 2012	4,190
Corporate income tax expense, previous years	657
Corporate income tax expense for deferred taxes	-5,261
Foreign withholding tax expense	1,438
Income from tax apportionment "tax group"	-7,120
Total	-6,096

IV. Information on Essential Investments

COMPANY, DOMICILE	Share	Book value as of 12/31/2012 EUR	Equity EUR	Annual result EUR
Adria Gaming International SpA, Rimini (Italy)	100%	110,100,000	106,961,089	3,138,285
ADMIRAL Casinos & Entertainment AG (Austria)	100%	40,000,000	33,057,123	-4,697,708
Austrian Gaming Industries GmbH, Gumpoldskirchen (Austria)	100%	164,304,397	566,013,088	87,757,868
HTM Hotel- u. Tourismus Management GmbH, Gumpoldskirchen (Austria)	100%	1,072,607	49,343,757	23,843,012
Trust Company 10	100%	49,325,860	51,121,959	-9,856
NMN Automatentechnik GmbH (Austria)	99%	2,619,219	2,781,015	135,339
Novomatic Forum GmbH (Austria)	100%	111,881	73,891	-3,667
NOVOMATIC Investment Chile S.A., Santiago (Chile)	100%	1,244,879	3,093,725	6,317,741
Novo Immobilien GmbH, Bingen/Rhein (Germany)	99.8%	3,000,000	8,826,652	2,059,653
Norddeutsche Spielbanken GmbH (Germany)	100%	25,000	22,099	-2,901
Novomatic Americas Holdings Inc., Florida (USA)	100%	8,131,771	7,759,693	-1,931
Spielbank Berlin G. Jaenecke GmbH & Co KG (Germany)	92.04%	13,562,000	11,715,138	1,166,615
Spielbank Berlin Entertainment GmbH & Co KG (Germany)	92.04%	34,001	-4,276,012	254,099
Spielbank Berlin nat. Beteiligungsges mbH & Co KG (Germany)	92.04%	480,000	385,894	-259,443
SIM Spielbanken Investitions- und Management GmbH, Frankfurt (Germany)	49%	12,581	67,536	2,766
SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & Co. KG, Frankfurt (Germany)	49%	3,251,026	5,904,624	-822,672
Pratergarage Errichtungs- und Betriebsgesellschaft mbH (Austria)	47.5%	475,000	603,114	-396,886

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

V. Information on Financial Instruments

In August 2005, an interest rate swap with a nominal value of KEUR 150,000 and a maturity date of 11 October 2012 was concluded in order to hedge the interest level of the bond

issued in 2005. This interest rate swap terminated as of 11 October 2012. On 12 April 2007, an interest rate swap with a nominal value of KEUR 30,000 and maturity date of 16 April 2014 was concluded. Its present value, including interest, amounts to minus KEUR 1,646 as of 31 December 2012.

In order to hedge the interest level, another interest rate swap with a nominal value of KEUR 30,000 and a maturity date of 7 May 2014 was concluded on 6 May 2009. Its present value, including interest, amounts to minus KEUR 1,176 as of 31 December 2012.

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: 49)

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

EXECUTIVE BOARD:

- » **Dr. Franz Wohlfahrt**, chairman
- » **Dipl. Ing. Ryszard Presch**, deputy chairman
- » **Mag. Peter Stein**, CFO
- » **Mag. Thomas J. Graf**, CTO

SUPERVISORY BOARD:

- » **KR Herbert Lugmayr**, chairman
- » **Hr. Helmut Jell**, deputy chairman (since July 2012)
- » **Dr. Bernd Oswald**, deputy chairman (until July 2012)
- » **Mag. Dr. Karl Pour**, member
- » **Dr. Christian Widhalm**, member (since July 2012)

1.3. Other information

During business year 2012, gross payments in the amount of EUR 5,307,293.90 were made to members of the Executive Board. No advances, loans or liabilities were granted to members of the Executive Board. Payments made to members of the Supervisory Board during the business year amount to EUR 493,675.88.

Expenses for severance payments and pensions for the members of the Executive Board amounted to EUR 5,535,099.00 and EUR 1,345,156.00, respectively.

The item “expenses for severance payments and contributions to external severance payment funds” includes payments to external severance payment funds amounting to KEUR 83 (previous year: KEUR 70).

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, 29 March 2013



Dr. Franz Wohlfahrt
CEO



DI Ryszard Presch
Deputy CEO



Mag. Thomas Graf
CTO



Mag. Peter Stein
CFO

A. Fixed Assets

	Balance as of 1 Jan 2012	Additions	COSTS		Balance as of 31 Dec 2012
			Transfers	Disposals	
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and values					
Rights	9,544,612.15	3,000,500.00	0.00	0.00	12,545,112.15
Technical software	70,292,467.80	13,557,013.40	0.00	0.00	83,849,481.20
Software	659,175.19	181,994.50	0.00	0.00	841,169.69
	80,496,255.14	16,739,507.90	0.00	0.00	97,235,763.04
II. Tangible assets					
1. Land, buildings and improvements to third-party buildings					
Land	4,922,870.40	0.00	-350,640.23	138,995.49	4,433,234.68
Buildings – real estate value	34,941,116.81	3,062,261.71	350,640.23	105,494.55	38,248,524.20
Buildings – value of building	130,866,623.42	3,938,632.40	8,418,866.60	248,256.78	142,975,865.64
Structural investments in leased property	2,787,419.79	0.00	0.00	0.00	2,787,419.79
Buildings on non-owned land	25,245,929.21	16,861.28	0.00	0.00	25,262,790.49
	198,763,959.63	7,017,755.39	8,418,866.60	492,746.82	213,707,834.80
2. Plant and machinery					
Plant and machinery	212,930.38	0.00	0.00	0.00	212,930.38
Tools and tool costs	21,353.26	0.00	0.00	0.00	21,353.26
	234,283.64	0.00	0.00	0.00	234,283.64
3. Fixtures and fittings					
Fixtures and fittings	5,042,788.09	279,645.82	79,203.72	151,839.29	5,249,798.34
Car pool	914,701.32	60,490.00	0.00	78,615.68	896,575.64
Low-value assets	54,802.74	14,391.69	0.00	0.00	69,194.43
	6,012,292.15	354,527.51	79,203.72	230,454.97	6,215,568.41
4. Tangible assets in course of construction					
Tangible assets in course of construction	6,118,703.92	4,982,580.44	-8,498,070.32	15,478.29	2,587,735.75
	6,118,703.92	4,982,580.44	-8,498,070.32	15,478.29	2,587,735.75
	211,129,239.34	12,354,863.34	0.00	738,680.08	222,745,422.60
III. Financial assets					
1. Shares in affiliated companies					
	378,119,060.38	33,410,670.88	0.00	15,850,974.05	395,678,757.21
2. Loans to affiliated companies					
	270,641,195.49	42,823,047.42	0.00	36,594,195.66	276,870,047.25
3. Investments					
	3,801,598.78	0.00	0.00	0.00	3,801,598.78
4. Loans to associated companies					
	0.00	755,639.12	0.00	0.00	755,639.12
5. Securities held as fixed assets					
	11,557,711.94	13,839,897.62	0.00	4,919,488.57	20,478,120.99
6. Other loans					
	7,036,825.18	38,475,514.12	0.00	2,220,373.18	43,291,966.12
	671,156,391.77	129,304,769.16	0.00	59,585,031.46	740,876,129.47
Total	962,781,886.25	158,399,140.40	0.00	60,323,711.54	1,060,857,315.11

	AMORTIZATION/DEPRECIATION					BOOK VALUES		
	Balance as of 1 Jan 2012	Additions	Transfers	Disposals	Write-ups	Balance as of 31 Dec 2012	Balance as of 31 Dec 2011	Balance as of 31 Dec 2012
	5,559,480.89	1,127,445.14	0.00	0.00	0.00	6,686,926.03	3,985,131.26	5,858,186.12
	43,703,560.76	12,279,491.56	0.00	0.00	0.00	55,983,052.32	26,588,907.04	27,866,428.88
	465,233.39	105,545.67	0.00	0.00	0.00	570,779.06	193,941.80	270,390.63
	49,728,275.04	13,512,482.37	0.00	0.00	0.00	63,240,757.41	30,767,980.10	33,995,005.63
	0.30	0.00	0.00	0.00	0.00	0.30	4,922,870.10	4,433,234.38
	1,717,292.15	576,959.42	0.00	0.21	0.00	2,294,251.36	33,223,824.66	35,954,272.84
	20,173,509.35	5,111,228.50	0.00	101,464.04	0.00	25,183,273.81	110,693,114.07	117,792,591.83
	2,513,159.86	60,806.05	0.00	0.00	0.00	2,573,965.91	274,259.93	213,453.88
	5,806,464.66	1,035,225.10	0.00	0.00	0.00	6,841,689.76	19,439,464.55	18,421,100.73
	30,210,426.32	6,784,219.07	0.00	101,464.25	0.00	36,893,181.14	168,553,533.31	176,814,653.66
	64,488.59	13,204.08	0.00	0.00	0.00	77,692.67	148,441.79	135,237.71
	21,353.26	0.00	0.00	0.00	0.00	21,353.26	0.00	0.00
	85,841.85	13,204.08	0.00	0.00	0.00	99,045.93	148,441.79	135,237.71
	3,447,754.65	391,291.26	0.00	151,392.64	0.00	3,687,653.27	1,595,033.44	1,562,145.07
	421,031.65	70,908.34	0.00	46,740.68	0.00	445,199.31	493,669.67	451,376.33
	22,332.98	15,069.52	0.00	0.00	0.00	37,402.50	32,469.76	31,791.93
	3,891,119.28	477,269.12	0.00	198,133.32	0.00	4,170,255.08	2,121,172.87	2,045,313.33
	0.00	0.00	0.00	0.00	0.00	0.00	6,118,703.92	2,587,735.75
	0.00	0.00	0.00	0.00	0.00	0.00	6,118,703.92	2,587,735.75
	34,187,387.45	7,274,692.27	0.00	299,597.57	0.00	41,162,482.15	176,941,851.89	181,582,940.45
	17,355,025.39	0.00	0.00	15,687,884.05	0.00	1,667,141.34	360,764,034.99	394,011,615.87
	0.00	0.00	0.00	0.00	0.00	0.00	270,641,195.49	276,870,047.25
	62,991.78	0.00	0.00	0.00	0.00	62,991.78	3,738,607.00	3,738,607.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	755,639.12
	3,245,581.74	374,487.86	0.00	35,700.00	1,030,231.02	2,554,138.58	8,312,130.20	17,923,982.41
	1,619,351.97	108,604.66	0.00	0.00	0.00	1,727,956.63	5,417,473.21	41,564,009.49
	22,282,950.88	483,092.52	0.00	15,723,584.05	1,030,231.02	6,012,228.33	648,873,440.89	734,863,901.14
	106,198,613.37	21,270,267.16	0.00	16,023,181.62	1,030,231.02	110,415,467.89	856,583,272.88	950,441,847.22

Development of Untaxed Reserves as of 31 December 2012

IN EUR	Balance as of 1 Jan 2012	Consumption	Disposals	Allocation	Balance as of 31 Dec 2012
Valuation reserve from special depreciation allowances					
Valuation reserve according to § 12 of the Austrian Income Tax Law	123,543.91	0.00	5,755.40	0.00	117,788.51
Valuation reserve for inferior assets according to § 13 of the Austrian Income Tax Law	32,469.76	0.00	15,069.52	14,391.69	31,791.93
Total	156,013.67	0.00	20,824.92	14,391.69	149,580.44

Provisions as of 31 December 2012

IN EUR	Balance as of 1 Jan 2012	Consumption	Release	Allocation	Balance as of 31 Dec 2012
1. Provisions for severance payments					
Provision for severance payments	2,449,975.00	0.00	0.00	5,626,448.00	8,076,423.00
2. Provisions for pensions					
Provision for pensions	1,552,144.00	0.00	0.00	1,345,156.00	2,897,300.00
3. Provisions for taxes					
Provision for corporate income tax	3,317,384.50	3,310,779.98	0.00	0.00	6,604.52
4. Other provisions					
Provision for auditing and consulting fees	361,400.00	311,404.45	18,995.55	367,575.13	398,575.13
Provision for unconsumed vacation	440,504.02	440,504.02	0.00	665,212.79	665,212.79
Other provisions for personnel	0.00			5,500,000.00	5,500,000.00
Provision for jubilee payments	69,538.00	0.00	0.00	33,797.00	103,335.00
Other provisions	3,777,175.65	71,356.00	883,407.86	2,770,568.00	5,592,979.79
	4,648,617.67	823,264.47	902,403.41	9,337,152.92	12,260,102.71
Total	11,968,121.17	4,134,044.45	902,403.41	16,308,756.92	23,240,430.23

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 1 January 2012 to 31 December 2012. These financial statements comprise the balance sheet as of 31 December 2012, the income statement for the fiscal year ended 31 December 2012, 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 31 December 2012 and of its financial performance for the fiscal year from 1 January 2012 to 31 December 2012 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, 29 March 2013

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 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 2012



In its five meetings held during the course of financial year 2012, 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 31 December 2012 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 use of the net profits from 2012.

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

The Supervisory Board acknowledges and thanks the Board of Directors and all employees of NOVOMATIC AG's companies for their work in the financial year 2012.

Gumpoldskirchen, April 2013

The Supervisory Board

Herbert Lugmayr

Chairman

Space for Notes

Imprint

Proprietor, editor and publisher

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Commercial Register number: FN 69548b

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Layout: CIDCOM Werbeagentur GmbH, Mag. (FH) Carola Bayer

Photography: Krischanz & Zeiler, Nenad Djedovic, Jürgen Knoth

Printed by: AV + Astoria Druckzentrum GmbH

