

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017

prepared in accordance with International Financial Reporting Standards
as adopted by the European Union

(Translated from Czech original. In case of any divergence the Czech version prevails.)

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

<i>Interim consolidated statement of financial position</i>	Note	30/06/2017	31/12/2016
ASSETS			
Intangible assets	3	2 006 548	2 021 609
Goodwill	3	573 169	561 937
Property, plant and equipment	4	100 284	92 515
Investment property	4	931	940
Other non-current investments	5	1 755	1 701
Equity-accounted investments	5	510 225	386 082
Long-term trade receivables and other non-current assets	6	5 784	7 028
Deferred tax asset	7	6 600	12 158
Total non-current assets		3 205 296	3 083 970
Inventories		8 821	12 883
Short-term trade receivables and other current assets	6	142 647	134 488
Current tax asset		2 706	31 414
Short-term financial assets	8	10 218	13 606
Cash and cash equivalents	9	416 858	365 999
Total current assets		581 250	558 390
Total assets		3 786 546	3 642 360

The notes on pages from 10 to 43 form an integral part of these consolidated financial statements.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

Interim consolidated statement of financial position (continued)	Note	30/06/2017	31/12/2016
EQUITY AND LIABILITIES			
Equity			
Share capital	11	81	81
Treasury shares		-1 391	-1 042
Capital contributions and other reserves		480 078	438 862
Foreign currency translation reserve		-13 503	-7 738
Retained earnings and profit (loss) for the period		202 686	183 041
Total equity attributable to equity holders		667 951	613 204
Non-controlling interests	12	1 044 029	1 139 164
Total equity		1 711 980	1 752 368
Liabilities			
Bank loans and other borrowings – non-current portion	13	1 070 300	990 296
Other long-term liabilities		9 696	8 551
Long-term provisions	15	47 996	35 674
Employee benefits	17	2 854	1 507
Deferred tax liability	7	222 623	219 543
Total long-term liabilities		1 353 469	1 255 571
Bank loans and other borrowings – current portion	13	421 845	292 052
Short-term trade and other payables	14	278 917	327 418
Current tax liability		6 773	5 121
Short-term provisions	15	13 562	9 830
Total short-term liabilities		721 097	634 421
Total liabilities		2 074 566	1 889 992
Total liabilities and equity		3 786 546	3 642 360

The notes on pages from 10 to 43 form an integral part of these consolidated financial statements.

<i>Interim consolidated statement of comprehensive income for the six-month period ended 30 June</i>	Note	2017	2016
Continuing operations			
Revenue	18	828 982	97 317
Other operating income	19	3 829	361
Total income		832 811	97 678
Materials, consumables and services	20	-346 619	-39 542
Personnel expenses	21	-39 731	-6 382
Depreciation and amortisation	22	-30 086	-1 058
Other operating expenses	23	-295 557	-25 974
Profit from operating activities		120 818	24 722
Interest revenue	24	1 510	23
Interest expense	24	-34 084	-9 242
Other financial gains (+) or losses (-)	24	302	-36 917
Profit/(loss) from financial operations		-32 272	-46 136
Share of profit of equity-accounted investees (net of tax)	25	36 451	3 895
Profit before income tax		124 997	-17 519
Income tax expense	26	-33 658	-3 625
Profit for the year		91 339	-21 144
Items that are or may be reclassified to profit or loss:			
Remeasurement of hedging derivatives (net of tax)		9 391	-1 555
Foreign currency translation differences for foreign operations		-5 765	-379
Share of other comprehensive income of equity-accounted investees		--	-1 222
Other comprehensive income for the year (net of tax)		3 626	-3 156
Total comprehensive income for the year		94 965	-24 300
Profit attributable to:			
Equity holders of the Company		45 955	-21 381
Non-controlling interests		45 384	237
Total comprehensive income attributable to:		94 965	-24 300
Equity holders of the Company		49 581	-24 310
Non-controlling interests		45 384	10

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

<i>Earnings per share</i>	Note	2017 (6 months)	2016 (6 months)
Basic earnings per share (in thousands of Euro)	11	2 298	-1 069
Diluted earnings per share (in thousands of Euro)	11	2 298	-1 069

The notes on pages from 10 to 43 form an integral part of these consolidated financial statements.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

Interim consolidated statement of changes in equity	Note	Share capital	Treasury shares	Capital contributions and other reserves	Retained earnings and profit for the current period	Foreign currency translation reserve	Total equity*	Non-controlling interests	Total equity
Balance at 1 January 2017		81	-1 042	438 862	183 041	-7 738	613 204	1 139 164	1 752 368
Profit (loss) for the period ended 30 June 2017		--	--	--	45 955	--	45 955	45 384	91 339
Other comprehensive income		--	--	9 391	--	-5 765	3 626	--	3 626
Total comprehensive income		--	--	9 391	45 955	-5 765	49 581	45 384	94 965
Transactions with owners, recorded directly in equity:									
Other movements in equity		--	-349	--	121	--	-228	-1 521	-1 749
Increase in other capital contributions		--	--	31 825	-48	--	31 777	--	31 777
Dividends paid		--	--	--	--	--	--	-129 227	-129 227
Effect of changes in ownership interests	11	--	--	--	-26 383	--	-26 383	-9 771	-36 154
Total transactions with owners		--	-349	31 825	-26 310	--	5 166	-140 519	-135 353
Balance at 30 June 2017	11	81	-1 391	480 078	202 686	-13 503	667 951	1 044 029	1 711 980

* Total equity attributable to equity holders of the Company.

The notes on pages from 10 to 43 form an integral part of these consolidated financial statements.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

<i>Interim consolidated statement of changes in equity</i>	Note	Share capital	Capital contributions and other reserves	Retained earnings and profit for the period	Foreign currency translation reserve	Total equity*	Non-controlling interests	Total equity
Balance at 1 January 2016		81	189 134	126 528	-7 770	307 973	289	308 262
Profit (loss) for the period ended 30 June 2016		--	--	-21 381	--	-21 381	237	-21 144
Other comprehensive income		--	-2 472	--	-457	-2 929	-227	-3 156
Total comprehensive income		--	-2 472	-21 381	-457	-24 310	10	-24 300
Transactions with owners, recorded directly in equity:								
Increase in other capital contributions		--	77 151	--	--	77 151	1 000	78 151
Effect of new acquisitions		--	--	--	--	--	18	18
Total transactions with owners		--	77 151	--	--	77 151	1 018	78 169
Balance at 30 June 2016	11	81	263 813	105 147	-8 227	360 814	1 317	362 131

* Total equity attributable to equity holders of the Company.

The notes on pages from 10 to 43 form an integral part of these consolidated financial statements.

<i>Interim consolidated statement of cash flows</i>	Note	30 June 2017	30 June 2016
<u>OPERATING ACTIVITIES</u>			
Profit (+) / loss (-) for the year		91 339	-21 144
<i>Adjustments for:</i>			
Income tax	26	33 658	3 625
Depreciation and amortisation	22	30 086	1 058
Profit (-) / loss (+) on sale of property, plant and equipment and intangible assets	19, 23	55	-290
Profit (-) / loss (+) on revaluation of non-current assets, financial instruments and investments	24	--	37 136
Net interest expense (+)	24	32 574	9 219
Net FX gains (-)/losses (+)	24	-1 587	-270
Other financial gains (dividends)	24	-287	-40
Share of profit (-) of equity-accounted investees	25	-36 451	-3 895
Other non-monetary transactions		--	1 018
Operating result before changes in working capital and provisions		149 387	26 417
Increase (+) in provisions		17 401	2 955
Increase (-) / decrease (+) in inventories		4 127	-63
Increase (-) / decrease (+) in trade receivables and other assets		16 581	-5 383
Decrease (-) in trade and other payables		-56 440	-68 661
Cash generated from operating activities		131 056	-44 735
Interest paid		-23 081	-2 617
Income tax paid		2 948	-6 925
Net cash generated from operating activities		110 923	-54 277
<u>INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	4	-14 548	-201
Acquisition of intangible assets	3	-3 608	-619
Acquisition of subsidiaries and investments accounted for using the equity method, net of cash acquired		-138 200	-113 298
Proceeds from sale of property, plant and equipment and intangible assets		49	866
Interest received		1 268	22
Dividends received	24	287	40
Increase (-) / decrease (+) in current financial assets	8	3 388	-1 726
Net cash used in investing activities		-151 364	-114 916
<u>FINANCING ACTIVITIES</u>			
Dividends paid		-129 227	--
Other contributions to equity		31 777	77 151
Loans and borrowings received		321 662	152 177
Repayment of loans and borrowings		-129 259	-48 702
Acquisition of treasury shares		-1 584	--
Net cash generated from financing activities		93 369	180 626
Net increase in cash and cash equivalents		52 928	11 433
Effect of currency translation		-2 069	269
Cash and cash equivalents at the beginning of the accounting period	9	365 999	24 627
Cash and cash equivalents at the end of the accounting period	9	416 858	36 329

The notes on pages from 10 to 43 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements – Contents

Notes to the condensed interim consolidated financial statements.....	10
1. General information about the Group	10
2. Basis of preparation	15
3. Intangible assets and goodwill.....	19
4. Property, plant and equipment, investment property.....	21
5. Other long-term investments and equity-accounted investments.....	23
6. Trade and other receivables.....	26
7. Deferred tax.....	27
8. Current financial assets.....	27
9. Cash and cash equivalents.....	27
10. New acquisitions.....	28
11. Equity.....	29
12. Non-controlling interests.....	30
13. Loans and borrowings.....	31
14. Short-term trade and other payables.....	32
15. Provisions.....	33
16. Derivatives.....	34
17. Employee benefits.....	35
18. Revenue.....	35
19. Other operating income.....	35
20. Materials, consumables and services.....	36
21. Personnel expenses.....	36
22. Depreciation and amortisation.....	36
23. Other operating expenses.....	37
24. Finance income and finance costs.....	37
25. Share of profit of equity-accounted investees.....	37
26. Income tax.....	38
27. Contingencies.....	38
28. Operating segments.....	39
29. Related parties.....	42
30. Subsequent events.....	43

Notes to the condensed interim consolidated financial statements

1. General information about the Group

1.1. Description

SAZKA Group a.s. (originally PUU Czech, a.s.) ("the Company") was established on 2 April 2012 by the entry in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18161. The Company's registered office is at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Ident. No. 242 87 814. The Company was founded for the purpose of holding capital investments in other entities.

SAZKA Group a.s. ("the Group") operates its lottery, betting and non-lottery business in the Czech Republic, Greece, Cyprus, Austria, Italy and Vietnam.

1.2. Principal activity

The principal activity of the Group is the operation of lotteries and other similar games in accordance with applicable legislation, i.e. the operation of instant and numerical lotteries, sports and odds betting and other similar games.

In addition to lottery and betting activities, the Group also carries out non-lottery business activities through points of sale and terminals (e.g. telecommunication or payment services, etc.). Furthermore, the Group also develops investing activities within which shares in companies with similar business activities are acquired.

1.3. Group companies

The following table details companies that are part of the SAZKA Group a.s. consolidated group and shows ownership interests held by the parent company in these companies.

Company name	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: SAZKA Group a.s.	Czech Republic	--	--	Full
Subsidiary: SAZKA Czech a.s. – sub-group	Czech Republic	100%	100%	Full
Subsidiary: Austrian Gaming Holding a.s. – sub-group (1)	Czech Republic	100%	100%	Full
Subsidiary: RUBIDIUM HOLDINGS LIMITED	Cyprus	100%	100%	Full
Subsidiary: Vitalpeak Limited	Cyprus	100%	100%	Full
Subsidiary: IGH Financing a.s. – sub-group (2)	Czech Republic	100%	100%	Full
Subsidiary: Emma Delta Management Ltd – sub-group (3)	Cyprus	66.7%	66.7%	Full
Subsidiary: SAZKA Asia a.s. – sub-group (4)	Czech Republic	100%	100%	Full

(1) The remaining 25% share in Austrian Gaming Holding a.s. was acquired on 17 August 2016.

(2) IGH Financing a.s. became part of the consolidated group on 28 April 2016 (see Note 10).

- (3) *In compliance with IFRS the Group acquired "de-facto" control over Emma Delta Management Ltd incl. its subsidiaries on 6 October 2016, i.e. on the date an independent administrative body, HELLENIC GAMING COMMISSION, issued its approval. All other legal and formal steps were finalised in January 2017. Under IFRS rules, however, Emma Delta Management Ltd incl. subsidiaries became part of the consolidated group on 6 October 2016 (see Note 10).*
- (4) *SAZKA Asia a.s. became part of the consolidated group on 27 July 2016 (see Note 10).*

The SAZKA Czech a.s. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: SAZKA Czech a.s.	Czech Republic	--	--	Full
Subsidiary: SAZKA FTS a.s.	Czech Republic	100%	100%	Full
Subsidiary: SAZKA a.s. – sub-group	Czech Republic	100%	100%	Full
Subsidiary: SPORTLEASE a.s. (5)	Czech Republic	100%	100%	Full
Subsidiary: Kavárna štěstí s.r.o. (6)	Czech Republic	100%	100%	Full

- (5) *On 22 June 2016, SPORTLEASE a.s. was resold from SAZKA a.s. to SAZKA Czech a.s.*
- (6) *Kavárna štěstí s.r.o. became part of the consolidated group on 30 May 2016 (see note 10).*

The SAZKA a.s. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: SAZKA a.s.	Czech Republic	--	--	full
Subsidiary: Fsázky a.s. (7)	Czech Republic	100%	--	full

- (7) *Fsázky a.s. became part of the consolidated group on 23 May 2017 (see Note 10).*

The Austrian Gaming Holding a.s. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: Austrian Gaming Holding a.s.	Czech Republic	--	--	full
Subsidiary: CAME Holding GmbH – sub-group	Austria	100%	100%	full
Subsidiary: BAIH Beteiligungsverwaltungs GmbH – sub-group (8)	Austria	100%	100%	full
Associated company: LTB Beteiligungs GmbH (9)	Austria	41.766%	41.766%	equity method

- (8) *BAIH Beteiligungsverwaltungs GmbH became part of the consolidated group on 7 December 2016 (see Note 10).*
- (9) *LTB Beteiligungs GmbH became part of the consolidated group on 7 December 2016. The 24.9% share is owned by BAIH Beteiligungsverwaltungs GmbH.*

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

The CAME Holding GmbH sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: CAME Holding GmbH	Austria	--	--	full
Associated company: Medial Beteiligungs-GmbH	Austria	29.63%	29.63%	equity method

The BAIH Beteiligungsverwaltungs GmbH sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: BAIH Beteiligungsverwaltungs GmbH	Austria	--	--	full
Associated company: CLS Beteiligungs GmbH	Austria	66.67%	66.67%	equity method
Associated company: LTB Beteiligungs GmbH	Austria	24.9%	24.9%	equity method

The IGH Financing a.s. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: IGH Financing a.s.	Czech Republic	--	--	Full
Subsidiary: Italian Gaming Holding a.s. – sub-group (10)	Czech Republic	100%	100%	Full

(10) *Italian Gaming Holding a.s. became part of the consolidated group on 19 February 2016 (see Note 10).*

The Italian Gaming Holding a.s. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: Italian Gaming Holding a.s.	Czech Republic	--	--	full
Associated company: LOTTOITALIA S.r.l. (11)	Italy	32.5%	32.5%	equity method

(11) *LOTTOITALIA S.r.l. became part of the consolidated group on 5 May 2016.*

The Emma Delta Management sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: Emma Delta Management Ltd	Cyprus	--	--	full
Subsidiary: EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD – sub-group	Cyprus	100% (12)	100%	full

(12) *During the reported period the Group acquired additional 4.82% of investor shares of EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD. This increase only represents an increase in the economic share in the company without change of control.*

The EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD	Cyprus	--	--	full
Subsidiary: Emma Delta Finance Plc	Cyprus	100%	100%	full
Subsidiary: Emma Delta Hellenic Holdings Limited – sub-group	Cyprus	100%	100%	full

The Emma Delta Hellenic Holdings Limited sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: Emma Delta Hellenic Holdings Limited	Cyprus	--	--	full
Subsidiary: OPAP S.A. – sub-group	Greece	33%	33%	full

The OPAP S.A. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: OPAP S.A.	Greece	--	--	full
Subsidiary: OPAP CYPRUS LTD	Cyprus	100%	100%	full
Subsidiary: OPAP INTERNATIONAL LTD	Cyprus	100%	100%	full
Subsidiary: OPAP SERVICES S.A.	Greece	100%	100%	full
Subsidiary: OPAP SPORTS LTD	Cyprus	100%	100%	full
Subsidiary: OPAP INVESTMENT LTD	Cyprus	100%	100%	full
Subsidiary: HELLENIC LOTTERIES S.A.	Greece	67%	67%	full
Subsidiary: TORA DIRECT S.A.	Greece	100%	100%	full
Subsidiary: HORSE RACES S.A.	Greece	100%	100%	full
Subsidiary: TORA WALLET S.A.	Greece	100%	100%	full
Associated company: GLORY TECHNOLOGY LTD	Cyprus	20%	20%	equity method
Associated company: NEUROSOFT S.A.	Greece	29.53%	29.53%	equity method

The SAZKA Asia a.s. sub-group consists of:	Registered office	Ownership structure at 30/06/2017	Ownership structure at 31/12/2016	Consolidation method
Parent company: SAZKA Asia a.s.	Czech Republic	--	--	full
Subsidiary: Sazka Asia Vietnam Company Limited (12)	Vietnam	100%	100%	full
Subsidiary: Sazka Distribution Vietnam Joint Stock Company (13)	Vietnam	99.5%	--	full

(13) Sazka Asia Vietnam Company Limited was acquired on 29 November 2016 (see Note 10).

(14) Sazka Distribution Vietnam Joint Stock Company became part of the consolidated group on 28 June 2017 (see Note 10).

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

1.4. Statutory body and supervisory board

The structure of the board of directors at 30 June 2017:

Chairman of the board of directors:	Karel Komárek
Member of the board of directors:	Jiří Šmejč
Member of the board of directors:	Pavel Šaroch
Member of the board of directors:	Pavel Horák

The structure of the supervisory board at 30 June 2017:

Chairman of the supervisory board:	Tomáš Porupka
Member of the supervisory board:	Jakub Sokol
Member of the supervisory board:	Irena Doleželová Sokolíková

1.5. Shareholders at 30 June 2017:

KKCG AG 75%

Registered office:

Kapellgasse 21,

6004 Luzern

Switzerland

EMMA GAMMA LIMITED 25%

Registered office:

Esperidon 12, 4th floor

1087 Nicosia

Cyprus

2. Basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards, IFRS, as adopted by the European Union, in particular IAS 34 Interim Financial Reporting, published by IASB and adopted by the EU. These financial statements do not disclose all information that is required to be disclosed in the financial statements in full format prepared in compliance with IFRS and therefore should be read and assessed along with the consolidated financial statements of SAZKA Group a.s. for the accounting period ended 31 December 2016.

These condensed interim consolidated financial statements were approved by the board of directors on 16 October 2017.

(b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on a going concern basis, using the historical cost method, unless otherwise stated in the accounting policies.

The accounting policies applied in the condensed interim consolidated financial statements are the same as the accounting policies applied by the Group in the last annual consolidated financial statements for the period ended 31 December 2016.

(c) Functional and presentation currency

The functional currency is the Czech Koruna (CZK); individual group entities have their own functional currencies.

These IFRS condensed interim consolidated financial statements are presented in Euro (EUR). All financial information presented in EUR was rounded to the nearest thousand ("TEUR"), except when otherwise indicated.

Amounts in the condensed interim consolidated financial statements were rounded to thousands of EUR. Any differences between the amounts included in the financial statements and the respective amounts included in the notes are attributed to rounding.

(d) Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the Group's management to make assumptions based on its own judgement in applying accounting policies. Consequently, actual results may differ from the estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised either in the period in which the estimate is revised (providing that the revision relates only to that period) or in the revision period and future periods (providing that the revision relates to both the current and future periods).

Significant assumptions used by the Group when applying the Group's accounting policies and key sources of uncertainty upon making estimates during the preparation of the condensed interim consolidated financial statements were the same as those used during the preparation of consolidated financial statements for the period ended 31 December 2016.

(e) Significant accounting policies

Accounting policies applied in the condensed interim consolidated financial statements are the same as the accounting policies applied by the Group in the last annual consolidated financial statements for the period ended 31 December 2016.

Any new standards, interpretations and amendments to the existing standards effective as at 1 January 2017 do not have any impact on the Group's financial statements.

The Group did not apply any standard, interpretation or amendment that had been issued but has not yet been effective.

(f) Standards, interpretations and amendments to standards adopted before 30 June 2017 but not yet effective

The following new standards and amendments were not effective for the period ended 30 June 2017 and were not applied when preparing these interim consolidated financial statements.

Other standards, interpretations and amendments to issued standards adopted before 30 June 2017 but not yet effective that are not described below are deemed by the Group as irrelevant.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2017. Not yet endorsed for use in the EU.

Amends IAS 12 *Income Taxes* to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments to IAS 7: Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2017. Not yet endorsed for use in the EU.

Amends IAS 7 *Statement of Cash Flows* to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 9 Financial Instruments

Effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Early application is permitted.

This Standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

The Group does not expect IFRS 9 to have material impact on the consolidated financial statements. The classification and measurement of the Group's financial instruments are not expected to change under IFRS 9 because of the nature of the Group's operations and the types of financial instruments that it holds.

IFRS 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The Group is evaluating the impact of adoption of IFRS 15 on the financial statements.

Clarifications to IFRS 15 'Revenue from Contracts with Customers'

Effective for annual periods beginning on or after 1 January 2018. Not yet endorsed for use in the EU.

Amends IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019. Not yet endorsed for use in the EU.

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Group is evaluating the impact of adoption of IFRS 16 on the financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Effective date deferred indefinitely. EU endorsement currently halted.

Amends IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations),
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

Effective for annual periods beginning on or after 1 January 2018. Not yet endorsed for use in the EU.

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Amendments to IAS 40: Transfers of Investment Property

The amendments reinforce the principle for transfers into, or out of, investment property in IAS 40 Investment Property to specify that such a transfer should only be made when there has been a change in use of the property. Based on the amendments a transfer is made when and only when there is an actual change in use – i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. The amendments also provide that property under construction may also be transferred to investment property when there is evidence of the change in use.

The Group does not expect that the amendment will have an impact on the Group's financial statements. This interpretation has not yet been approved for application within the EU.

IFRIC 22: Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)

The interpretation clarifies how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. In such circumstances, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Group does not expect that the amendment will have an impact on the Group's financial statements. This interpretation has not yet been approved for application within the EU.

IFRIC 23 Uncertainty over Income Tax Treatments (issued by IASB on 7 June 2017)

The interpretation clarifies how to report and value deferred tax and current income tax receivable/payable where uncertainty over income tax treatments during the preparation of an income tax return exists. IFRIC 23 shall be applied when determining taxable income (tax losses), taxable bases, unutilised tax losses, unutilised tax offsets and tax rates where uncertainty over the accounting for income tax exists.

This interpretation has not yet been approved for application within the EU.

Annual Improvements 2014-2016 Cycle

In December 2016, IASB published a set of three amendments for 2014–2016 (IFRS 12, IFRS 1 and IAS 28). Amendments to IFRS 12 are effective from 1 January 2017; the other two amendments from 1 January 2018. These amendments have not yet been approved for application within the EU.

3. Intangible assets and goodwill

Intangible assets mainly include intellectual property rights (primarily licences), brands and trademarks, software and goodwill.

2017	Licences & property rights	Brands and trademarks	Software	Other intangible assets	Goodwill	Total
Acquisition cost						
Balance at 1 January 2017	1 138 855	793 644	21 646	84 636	561 937	2 600 718
Effect of new acquisitions	40	--	55	2	--	97
Additions	877	--	2 393	338	--	3 608
Transfers	77 209	--	3 547	-80 046	--	710
Disposals	--	--	- 63	--	--	-63
Effect of currency translation	141	2 182	246	109	11 232	13 910
Balance at 30 June 2017	1 217 122	795 826	27 824	5 039	573 169	2 618 980
Accumulated amortisation						
Balance at 1 January 2017	-8 384	--	-8 295	-493	--	-17 172
Amortisation expense	- 17 502	--	-4 333	-183	--	-22 018
Effect of currency translation	-9	--	-113	-14	--	-136
Disposals	--	--	63	--	--	63
Balance at 30 June 2017	-25 895	--	-12 678	-690	--	-39 263
Net book value at 1 January 2017	1 130 471	793 644	13 351	84 143	561 937	2 583 546
Net book value at 30 June 2017	1 191 227	795 826	15 146	4 349	573 169	2 579 717

2016	Licences & property rights	Brands and trademarks	Software	Other intangible assets	Goodwill	Total
Acquisition cost						
Balance at 1 January 2016	4 434	69 267	6 656	3 603	356 564	440 524
Effect of new acquisitions	1 134 281	724 364	16 772	79 539	205 309	2 160 265
Additions	139	--	2 482	1 717	--	4 338
Transfers	--	--	-4 265	-167	--	-4 432
Disposals	--	--	--	-59	--	-59
Effect of currency translation	1	13	1	3	64	82
Balance at 31 December 2016	1 138 855	793 644	21 646	84 636	561 937	2 600 718
Accumulated amortisation						
Balance at 1 January 2016	-159	--	-4 429	-321	--	-4 909
Amortisation expense	-8 225	--	-3 865	-172	--	-12 262
Effect of currency translation	--	--	-1	--	--	-1
Balance at 31 December 2016	-8 384	--	-8 295	-493	--	-17 172
Net book value at 1 January 2016	4 275	69 267	2 227	3 282	356 564	435 615
Net book value at 31 December 2016	1 130 471	793 644	13 351	84 143	561 937	2 583 546

As at 30 June 2017 and 31 December 2016 selected trademarks were pledged as collateral.

The cost of pledged trademarks as at 30 June 2017 was TEUR 71 462 (31 December 2016: TEUR 69 280).

Brands and trademarks

	30/06/2017	31/12/2016
SAZKA a.s.	71 462	69 280
OPAP S.A.	724 364	724 364
Total	795 826	793 644

Goodwill

	30/06/2017	31/12/2016
SAZKA a.s.	367 860	356 628
Emma Delta Management Ltd – sub-group	205 309	205 309
Total goodwill	573 169	561 937

Indefinite-lived intangible assets, goodwill and impairment testing

Impairment is determined by estimating the recoverable amount of the cash-generating unit to which goodwill and other non-depreciable assets relate.

Intangible assets with indefinite useful lives, i.e. trademarks and lottery operator's licences, and goodwill were tested for impairment at the end of the previous period.

For the purpose of preparing this interim report, the Group did not identify any internal or external impairment indicators that would result in the necessity to update the above testing.

4. Property, plant and equipment, investment property

2017	Land – owned	Buildings – owned	Machinery and equipment – owned	Machinery and equipment – leased	Other tangible assets, incl. tangibles under construction	Total
Acquisition cost						
Balance at 1 January 2017	11 352	40 195	2 728	186	41 216	95 677
Effect of new acquisitions	--	--	1 252	--	37	1 289
Additions	--	179	4 801	--	9 568	14 548
Transfers	--	144	5 455	--	-1 479	4 120
Disposals	--	--	-311	--	-294	-605
Effect of currency translation	77	599	198	2	67	943
Balance at 30 June 2017	11 429	41 117	14 123	188	49 115	115 972
Accumulated depreciation						
Balance at 1 January 2017	--	-3 094	1 974	-186	-1 856	-3 162
Depreciation expense	--	-1 501	-873	--	-5 685	-8 059
Transfers	--	--	-4 829	--	--	-4 829
Disposals	--	--	273	--	227	500
Effect of currency translation	--	-48	-88	-2	--	-138
Balance at 30 June 2017	--	-4 643	-3 543	-188	-7 314	-15 688
Net book value at 1 January 2017	11 352	37 101	4 702	--	39 360	92 515
Net book value at 30 June 2017	11 429	36 474	10 580	--	41 801	100 284

2016	Land – owned	Buildings – owned	Machinery and equipment – owned	Machinery and equipment – leased	Other tangible assets, incl. tangibles under construction	Total
Acquisition cost						
Balance at 1 January 2016	2 423	18 844	4 728	186	1 288	27 469
Effect of new acquisitions	8 790	17 268	899	--	32 529	59 486
Additions	--	3 059	2 064	--	3 790	8 913
Transfers	139	1 020	43	--	4 387	5 589
Disposals	--	--	-5 007	--	-779	-5 786
Effect of currency translation	--	4	1	--	1	6
Balance at 31 December 2016	11 352	40 195	2 728	186	41 216	95 677
Accumulated depreciation						
Balance at 1 January 2016	--	-1 353	-1 851	-186	--	-3 390
Depreciation expense	--	-1 001	-1 165	--	-2 548	-4 714
Transfers	--	-740	--	--	--	-740
Disposals	--	--	4 992	--	692	5 684
Effect of currency translation	--	--	-2	--	--	-2
Balance at 31 December 2016	--	-3 094	1 974	-186	-1 856	-3 162
Net book value at 1 January 2016	2 423	17 491	2 877	--	1 288	24 079
Net book value at 31 December 2016	11 352	37 101	4 702	--	39 360	92 515

As at 30 June 2017, the net book value of the building and the adjacent land, pledged as a collateral, totals TEUR 18 452 (31 December 2016: TEUR 19 906).

Machinery and equipment - leased primarily include draw equipment acquired by the Group under finance lease agreements.

As at 30 June 2017 and 31 December 2016, the Group had no significant non-capitalised items of property, plant and equipment or intangible assets.

Investment property

	30/06/2017	31/12/2016
Acquisition cost:		
Balance at 1 January	898	--
Effect of new acquisitions	--	1 315
Transfers	782	-417
Balance as at the end of the reported period	1 680	898
Accumulated depreciation:		
Balance at 1 January	42	--
Transfers	-782	--
Depreciation for the period	-9	42
Balance as at the end of the reported period	-749	42
Net book value as at the end of the reported period	931	940

5. Other long-term investments and equity-accounted investments

Other long-term investments

		30/06/2017	31/12/2016
Other long-term investments	Ownership (%)	1 755	1 701
GTECH Czech Republic LLC. (1)	63.00%	1 611	1 561
SALEZA, a.s. (2)	98.10%	--	--
Ski Pec a.s.	5.40%	24	23
Sportovní areál Harrachov a.s.	1.90%	69	67
SKIAREÁL Špindlerův Mlýn, a.s.	1.80%	51	50

- 1) The Group has a 63% ownership interest in GTECH Czech Republic LLC. The ownership interest in GTECH Czech Republic LLC. is reported in Other long-term investments and is stated at historical cost. No impairment was identified in 2017.

The reason for classifying the ownership interest as "Other long-term investments" is that the Group (despite being the majority owner of GTECH Czech Republic LLC) does not control the payment of dividends and the transferability of its ownership interest is limited. In addition, managerial control over the entity has been delegated to GTECH Corporation.

Based on a concluded agreement, the remaining 37% ownership interest in GTECH Czech Republic LLC should be purchased on 31 December 2022.

The obligation to purchase the remaining 37% ownership interest in GTECH Czech Republic LLC, arising from the concluded agreement and having a discounted present value of TEUR 1 927 (31 December 2016: TEUR 1 852), is recognised as a long-term liability from financial instruments. The nominal value of the liability is TEUR 2 535 (USD 3 million).

The Group believes that the carrying amount of this investment reasonably corresponds to its fair value and, consequently, no remeasurement took place.

- 2) As at 30 June 2017, the Group holds a 98.10% ownership interest in SALEZA, a.s., against which insolvency proceedings were initiated based on a notice issued by the Municipal Court in Prague dated 17 January 2011. The legal effects of the insolvency proceedings occurred on 17 January 2011. The Municipal Court in Prague declared insolvency of the debtor in its resolution dated 29 March 2011. The legal effects of the resolution occurred on 29 March 2011. The Municipal Court in Prague restricted the debtor's right to dispose of the assets in its resolution dated 3 May 2011. The legal effects of the resolution occurred on 3 May 2011. The

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

Municipal Court in Prague adjudicated bankruptcy order over the debtor's assets in its resolution dated 27 May 2011. The legal effects of the resolution occurred on 30 May 2011.

Equity-accounted investments

		30/06/2017	31/12/2016
Equity-accounted investments	Ownership (%)	510 225	386 082
Medial Beteiligungs-GmbH (3)	29.63%	72 626	70 308
LTB Beteiligungs GmbH (4)	66.67%	50 275	50 786
CLS Beteiligungs GmbH (5)	66.67%	50 231	50 739
LOTTOITALIA S.r.l. (6)	32.50%	324 618	202 074
GLORY TECHNOLOGY LTD (7)	20.00%	--	--
NEUROSOFT S.A.(7)	29.53%	12 475	12 175

The change in the value of investments recorded using the equity method includes an increase in the amount of an investment by the owner and the share of profit of equity-accounted investees less paid dividends.

Significant equity-accounted investees' assets and liabilities, revenues, profits/losses and total comprehensive income are shown below.

- 3) Medial Beteiligungs-GmbH is a company holding participations in lottery and gaming business. The Group holds a share of 29.63%. The company is accounted for using the equity method.

Medial Beteiligungs-GmbH *)	30/06/2017	31/12/2016
Non-current assets	54 398	48 504
Current assets	5 938	4 021
Non-current liabilities	--	--
Current liabilities	-3	-13
Net assets (100%)	60 333	52 512
Group's share (29.63%)	17 877	15 559
Fair value adjustments	54 749	54 749
Carrying amount of interests in associates	72 626	70 308
Medial Beteiligungs-GmbH *)	30/06/2017	30/06/2016
Revenues	--	--
Profit from continuing operations (100%)	11 633	13 144
Total comprehensive income (100%)	11 633	9 019
Group's share of total comprehensive income	3 447	2 672

*) The company does not prepare its financial statements in compliance with IFRS. The preparation of such financial statements would result in additional costs and no relevant benefit.

- 4) LTB Beteiligungs GmbH is a company holding participations in lottery and gaming business. The Group holds a total share of 66.67% (41.766% is owned through Austrian Gaming Holding a.s. and 24.9% is owned through BAIH Beteiligungsverwaltungs GmbH). The shares in the company were acquired on 7 December 2016. According to the company's Articles of Association the company is able to make a decision only with 100% shareholders approval. Therefore the Group considers it an investment in an associate and the company is accounted for using the equity method.

LTB Beteiligungs GmbH *)	30/06/2017	31/12/2016
Non-current assets	3 620	915
Current assets	29	3 509
Non-current liabilities	--	--
Current liabilities	-1	-10
Net assets (100%)	3 648	4 414
Group's share (66.67%)	2 432	2 943
Fair value adjustments	47 843	47 843
Carrying amount of interests in associates	50 275	50 786

LTB Beteiligungs GmbH *)	30/06/2017	30/06/2016
Revenues	--	--
Profit from continuing operations (100%)	2 703	--
Total comprehensive income (100%)	2 703	--
Group's share of total comprehensive income	1 802	--

*) The company does not prepare its financial statements in compliance with IFRS. The preparation of such financial statements would result in additional costs and no relevant benefit.

- 5) CLS Beteiligungs GmbH is a company holding participations in lottery and gaming business. The share of 66.67% is owned through BAIH Beteiligungsverwaltungs GmbH and was acquired on 7 December 2016. According to the company's Articles of Association the company is able to make a decision only with 75% shareholders approval. Therefore the Group considers it as investment in associate and the company is accounted for using the equity method.

CLS Beteiligungs GmbH *)	30/06/2017	31/12/2016
Non-current assets	3 620	915
Current assets	48	3 532
Non-current liabilities	--	--
Current liabilities	-1	-17
Net assets (100%)	3 667	4 430
Group's share (66.67%)	2 445	2 953
Fair value adjustments	47 786	47 786
Carrying amount of interests in associates	50 231	50 739

CLS Beteiligungs GmbH *)	30/06/2017	30/06/2016
Revenues	--	--
Profit from continuing operations (100%)	2 703	--
Total comprehensive income (100%)	2 703	--
Group's share of total comprehensive income	1 802	--

*) The company does not prepare its financial statements in compliance with IFRS. The preparation of such financial statements would result in additional costs and no relevant benefit.

- 6) LOTTOITALIA S.r.l. is a company that organises and manages lottery and gaming business in Italy. The Group holds a share of 32.5%, which was acquired on 5 May 2016. The company is accounted for using the equity method.

LOTTOITALIA S.r.l.	30/06/2017	31/12/2016
Non-current assets	830 701	765 056
Current assets	281 892	56 046
Non-current liabilities	--	--
Current liabilities	-113 768	-199 337
Net assets (100%)	998 825	621 765
Group's share (32.50%)	324 618	202 074
Fair value adjustments	--	--
Carrying amount of interests in associates	324 618	202 074
LOTTOITALIA S.r.l.	30/06/2017	30/06/2016
Revenues	180 144	--
Profit from continuing operations (100%)	89 537	--
Total comprehensive income (100%)	89 537	--
Group's share of total comprehensive income	29 100	--

- 7) GLORY TECHNOLOGY LTD and NEUROSOFT S.A. are part of the OPAP S.A. sub-group. The percentages presented in the summary table above reflect the shares held by the OPAP S.A. sub-group. The companies are accounted for using the equity method.

6. Trade and other receivables

Long-term receivables comprise advances and deposits provided that are due in more than 12 months after the reporting date.

	30/06/2017	31/12/2016
Long-term trade receivables and other non-current assets	5 784	7 028
Long-term advances and deposits provided	881	1 335
Advances for pension benefits	221	221
Other long-term receivables	4 682	5 472

Other long-term receivables include provided long-term loans of TEUR 3 045 (31 December 2016: TEUR 4 468).

	30/06/2017	31/12/2016
Short-term trade receivables and other current assets	142 647	134 488
Short-term trade receivables	9 189	11 801
Receivables from VAT and other taxes	24 757	13 622
Short-term receivables from agents	68 927	74 522
Short-term loans provided	10 218	9 280
Other short-term receivables	7 950	11 471
Short-term receivables from financial derivatives	1 001	--
Short-term prepaid expenses	20 605	13 792

7. Deferred tax

A total increase in the net deferred tax liability of TCZK 8 638 relates to the following:

- change in deferred tax liability of TEUR 2 181 relating to hedging accounting, recorded against equity;
- change in deferred tax in profit or loss of TEUR 6 246 (see Note 26);
- deferred tax asset of TEUR 144 relating to the acquisition of Fsázky a.s.;
- FX loss of TEUR 355.

8. Current financial assets

Current financial assets of TEUR 10 218 (31 December 2016: TEUR 13 606) comprise a receivable from the cashpooling contract concluded with KKCG Structured Finance AG.

9. Cash and cash equivalents

	30/06/2017	31/12/2016
Cash and cash equivalents	416 858	365 999
Cash in hand	17 604	3 242
Bank accounts	257 864	281 589
Fixed-term deposits	141 390	81 168

The Group has tied cash amounting to TEUR 28 919 (31 December 2016: TEUR 29 183) mainly for the purpose of game principals, guarantees received from agents, payables to suppliers and guarantees provided to credit institutions.

As at 30 June 2017, the Group has pledged bank accounts with a total balance of TEUR 32 446 (31 December 2016: TEUR 33 285).

10. New acquisitions

In the first half of 2017, the Group acquired ownership interests in the following companies:

Company	Ownership interest	Acquisition date	Purchase price in TEUR
Fsázky a.s.	100%	23 May 2017	
Sazka Distribution Vietnam Joint Stock Company	99.5%	28 June 2017	
Total			4 979

The acquisitions of investments had the following effect on the Group:

	Total recognised values on acquisition
Non-current assets	1 754
Current assets	5 200
Non-current liabilities	--
Current liabilities	-1 975
Net identifiable assets	4 979
Consideration paid	4 979
Consideration paid, satisfied in cash	4 979
Cash acquired	-3 098
Net cash outflow in 2017	-1 881

The values of assets and liabilities recognised on acquisitions represent the fair values.

In 2016, the Group acquired ownership interests in the following companies or groups of companies:

Company	Ownership interest	Acquisition date	Paid in TEUR
BAIH Beteiligungsverwaltungs GmbH	100%	7 December 2016	
Emma Delta Management Ltd – group *)	66.7%	6 October 2016	
IGH Financing a.s.	100%	28 April 2016	
Italian Gaming Holding a.s.	100%	19 February 2016	
Kavárna štěstí s.r.o.	100%	30 May 2016	
SAZKA Asia a.s.	100%	27 July 2016	
Sazka Asia Vietnam Company Limited	100%	29 November 2016	
Total			408 412

*) see also comment (3) in Note 1.3

The most significant acquisition was the acquisition of the Emma Delta Management Ltd sub-group, including the OPAP S.A. sub-group. Other acquisitions were aggregated since they are individually immaterial.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

The acquisitions of investments had the following effect on the Group:

	Total recognised values on acquisition		
	Emma Delta Management Ltd – sub-group	Other (individually immaterial)	Total
Non-current assets	2 040 640	69 345	2 109 985
Current assets	390 960	312	391 272
Non-current liabilities	-535 765	--	-535 765
Current liabilities	-629 551	-2	-629 553
Net identifiable assets and liabilities	1 266 284	69 655	1 335 939
Goodwill (Note 5)	205 309	--	205 309
Acquired non-controlling interest	-1 132 836	--	-1 132 836
Consideration paid	338 757	69 655	408 412
Consideration paid, satisfied in cash	107 250	--	174 524
Consideration - portion settled in 2017	--	2 381	2 381
Fair value of formerly held assets – portion of consideration (Note 9)	231 507	--	231 507
Cash acquired	-218 161	-312	-218 473
Net cash inflow in 2016	110 911	-66 962	43 949

The values of assets and liabilities recognised on acquisitions represent their fair values.

The Group carried out an analysis of the acquisition values presented above as at 30 June 2017. No reasons for an update of accounting for acquisitions have been identified.

11. Equity

Share capital

The Group's share capital consists of 20 ordinary registered shares in certificated form with a nominal value of TCZK 100 per share. No changes to the share capital were made in the first half of 2017 or in 2016.

The share capital is fully paid-up.

Capital contributions and other reserves

Capital contributions and other reserves increased by a contribution made by the Company's shareholders of TEUR 31 777 in the first half of 2017 (30 June 2016: increased by TEUR 78 151).

Effect of change in ownership interests

During the reported period the Group acquired additional 4.82% of investor shares of EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD. This increase only represents an increase in the economic share in the company without change of control. Consequently, this transaction is presented as a non-controlling interest transaction.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

Earnings per share

Profit attributable to ordinary shareholders (in TEUR)

	2017	2016
Net profit attributable to ordinary shareholders	45 955	-21 381
Net profit attributable to ordinary shareholders	45 955	-21 381

Weighted average number of ordinary shares at 30 June 2017

	Number of shares	Weight	Weighted average	Weighted average
Ordinary shares issued at 1 January 2017	20	1	20	20
Newly issued shares	--			
Ordinary shares issued at 30 June 2017	20	1	20	20
Weighted average number of ordinary shares at 30 June 2017	20	1	20	20
Basic earnings per share for the year (in TEUR)			2 298	-1 069
Diluted earnings per share for the year (in TEUR)			2 298	-1 069

12. Non-controlling interests

Non-controlling interests of TEUR 1 044 029 (31 December 2016: TEUR 1 139 164) primarily relate to the OPAP S.A. sub-group and represent 67% of the sub-group's equity (including a 33% non-controlling interest in its subsidiary HELLENIC LOTTERIES S.A.). Other non-controlling interests represent 33.3% of the Emma Delta Management Ltd. sub-group's equity. Non-controlling interests relating to the investor shares of EMMA DELTA VARIABLE CAPITAL INVESTMENT COMPANY LTD (representing an economic share without control) were also taken into account.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

The following table shows the reconciliation of non-controlling interests as at 30 June 2017:

	OPAP S.A. sub-group	Other (individually immaterial)	Total
Assets	2 503 113		
Liabilities	1 048 875		
Sub-group – non-controlling interest	36 201		
Net assets attributable to the group	1 418 037		
Non-controlling interest percentage	67.00%		
Calculated non-controlling interest	950 085		
Sub-group's non-controlling interest entering into consolidation	36 201		
Carrying amount of non-controlling interest	986 286	57 743	1 044 029
Revenue	727 692		
Profit	60 901		
Other comprehensive income	-		
Total comprehensive income	60 901		
Non-controlling interest percentage	67.00%		
Profit allocated to non-controlling interest	40 804		
Share of profit of sub-group's non-controlling interest entering into consolidation	945		
Total comprehensive income of the sub-group attributable to non-controlling interest	41 749	3 635	45 384
Net inflow/outflow (-) of cash and cash equivalents	56 616	-2 386	54 230

13. Loans and borrowings

	30/06/2017	31/12/2016
Bank loans and other borrowings – non-current portion	1 070 300	990 296
Long-term bank loans and borrowings received	1 070 300	990 296
	30/06/2017	31/12/2016
Bank loans and other borrowings – current portion	421 845	292 052
Current portion of long-term bank loans and borrowings	268 056	131 969
Short-term bank loans and borrowings received	96 590	85 276
Short-term loans and borrowings received from related parties	54 213	56 118
Overdrafts	2 986	18 689

On 17 March 2017, OPAP S.A. issued 200 000 bonds with a nominal value of EUR 1 000 per bond, payable in 2022. Transaction costs associated with the issue of bonds at the end of the reporting period were TEUR 3 726.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

Loans received from related parties

As at 30 June 2017, the Group reported the following loans from shareholders:

30/06/2017	Due date (year)	Principal at 30/06/2017	Principal payable within 1 year	Principal payable in 1 to 5 years	Unpaid interest at 30/06/2017	Total balance at 30/06/2017
KKCG AG	2019	40 083	--	40 083	577	40 660
EMMA GAMMA LIMITED	2019	13 361	--	13 361	192	13 553
Total		53 444	--	53 444	769	54 213

As at 31 December 2016, the Group reported the following loans received from shareholders:

31/12/2016	Due date (year)	Principal at 31/12/2016	Principal payable within 1 year	Principal payable in 1 to 5 years	Unpaid interest at 31/12/2016	Total balance at 31/12/2016
KKCG AG	2019	38 859	--	38 859	3 230	42 089
EMMA GAMMA LIMITED	2019	12 953	--	12 953	1 076	14 029
Total		51 812	--	51 812	4 306	56 118

Loans received from shareholders are subordinated to bank loans and any early repayment is subject to prior approval of the syndicate of banks. According to the loan agreement, the loan is due in 2019 but the lender can require early repayment on demand. Consequently, the loan is reported as short-term in the consolidated statement of financial position.

14. Short-term trade and other payables

	30/06/2017	31/12/2016
Short-term trade and other payables	278 917	327 418
Short-term trade payables	61 097	82 980
Liabilities arising from unpaid wins	75 976	81 726
Lottery tax liabilities	48 537	54 070
Payables to the state (social security and health insurance, other taxes)	23 100	8 307
Payables to employees	6 132	7 575
Deferred revenues	13 047	9 936
Other short-term payables	51 028	82 824

Trade payables comprise items arising from the Group's ordinary course of business and are due as specified in the respective payment terms.

As at 30 June 2017 and 31 December 2016, trade and other payables were not hedged against FX risks.

15. Provisions

Short-term provisions	Short-term provision for jackpots	Other short-term provisions	Total
Balance at 1 January 2016	4 760	1 900	6 660
Additions	7 602	2 223	9 825
Utilisation	-4 759	-1 899	-6 658
Effect of currency translation	2	1	3
Balance at 31 December 2016	7 605	2 225	9 830
Balance at 1 January 2017	7 605	2 225	9 830
Effect of new acquisitions	865	64	929
Additions	11 255	1 090	12 345
Utilisation	-7 673	-2 244	-9 917
Effect of currency translation	330	45	375
Balance at 30 June 2017	12 382	1 180	13 562

A provision for jackpots is established on a cumulative basis until a jackpot is won.

Long-term provisions	Provision for litigations	Other long-term provisions	Total
Balance at 1 January 2016	--	813	813
Effect of new acquisitions	35 822	1 854	37 676
Additions	645	812	1 457
Utilisation	-45	--	-45
Release	-4 228	--	-4 228
Effect of currency translation	--	1	1
Balance at 31 December 2016	32 194	3 480	35 674
Balance at 1 January 2017	32 194	3 480	35 674
Additions	16 785	410	17 195
Utilisation	-81	-160	-241
Release	-4 692	--	-4 692
Effect of currency translation	--	60	60
Balance at 30 June 2017	44 206	3 790	47 996

In 2015, the Group introduced a new long-term bonus scheme, aimed to motivate the management to meet the Group's long-term growth targets. A long-term provision of TEUR 3 790 (31 December 2016: TEUR 3 480) was recognised in this respect as at 30 June 2017.

A provision for litigations is established for the purpose of covering losses from litigations held against the Group by third parties, agents and employees. Information about significant lawsuits is disclosed in Note 27.

16. Derivatives

As at 30 June 2017, the Group held the following hedging derivatives:

	Due date (year)	Fair value at 30/06/2017
<i>Hedging derivatives</i>		
Receivables from swap transactions - long-term	2022	642
Receivables from swap transactions - short-term	2017	1 001
Total hedging derivatives		1 643

As at 30 June 2017, the Group held hedging derivatives to hedge cash flows related to interest payments arising from loan contracts (interest rate swaps).

As at 30 June 2017, the Group held the following trading derivatives:

	Due date (year)	Fair value at 30/06/2017
<i>Trading derivatives</i>		
Payables from option transactions – long-term	2021	-1 927
Total trading derivatives		-1 927

As at 30 June 2017, the Group held trading derivatives in a form of purchase option (Note 5).

All financial derivatives were stated at fair value as at 30 June 2017 and categorised to Level 2 in the fair value hierarchy.

As at 31 December 2016, the Group held the following hedging derivatives:

	Due date (year)	Fair value at 31/12/2016
<i>Hedging derivatives</i>		
Receivables from swap transactions - long-term	2022	346
Payables from swap transactions - short-term	2017	-1 353
Total hedging derivatives		-1 007

As at 31 December 2016, the Group held hedging derivatives to hedge cash flows related to interest payments arising from loan contracts (interest rate swaps).

As at 31 December 2016, the Group held the following trading derivatives:

	Due date (year)	Fair value at 31/12/2016
<i>Trading derivatives</i>		
Payables from option transactions – long-term	2021	-1 852
Total trading derivatives		-1 852

As at 31 December 2016, the Group held trading derivatives in a form of purchase option (Note 5).

All financial derivatives were stated at fair value as at 31 December 2016 and categorised to Level 2 in the fair value hierarchy.

17. Employee benefits**Defined benefit plan**

Under Greek labour law, employees are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employee's compensation and length of service. A liability arising from the above obligation is valued by an independent firm of actuaries. The liability as at 30 June 2017 was TEUR 1 687 (31 December 2016: TEUR 1 507).

In March 2017, the board of directors of OPAP S.A. approved a long-term motivation programme, designed to distribute part of net profit to members of the board of directors and key executives when goals set are fulfilled. It is a three-year programme for the 2017-2019 period.

The programme's objectives are:

- a) meeting the OPAP S.A. sub-group's profitability plans for the reported period, and
- b) increasing the share price at the Athens Exchange.

When the above conditions are met, the maximum amount to be distributed among no more than thirty recipients is TEUR 7 000. A liability relating to this programme is TEUR 1 167 as at 30 June 2017.

18. Revenue

	30/06/2017	30/06/2016
Revenue	828 982	97 317
Revenue from lottery and betting activities	782 422	89 136
<i>Amounts wagered</i>	2 349 383	202 086
<i>Wins</i>	-1 566 961	-112 950
Revenue from other activities	46 560	8 181

When comparing revenues for the first half of 2017 and 2016, an increase in revenues primarily relates to the acquisition of Emma Delta Management Ltd incl. the OPAP S.A. sub-group of 6 October 2016 (see Note 10).

19. Other operating income

	30/06/2017	30/06/2016
Other operating income	3 829	361
Income from subsidies	172	--
Proceeds from the sale of material	22	--
Proceeds from the sale of non-current assets	--	290
Revenue from the sale of operating leases	360	--
Penalties and default interest	174	10
The remaining portion of operating income	3 101	61

When comparing other operating income for the first half of 2017 and 2016, an increase in other operating income primarily relates to the acquisition of Emma Delta Management Ltd incl. the OPAP S.A. sub-group of 6 October 2016 (see Note 10).

20. Materials, consumables and services

	30/06/2017	30/06/2016
Materials, consumables and services	-346 619	-39 542
Cost of goods sold	-37	-72
Materials and consumables	-40 604	-1 334
Advisory and other professional services	-24 303	-4 500
Cost of operating leases	-3 829	-256
Advertising services	-32 243	-7 695
Betting commission	-7 160	--
Agents' commission	-186 410	-11 906
Fees to system providers	-9 136	-8 201
Cost of IT and software services	-28 272	-419
Telecommunication services	-6 412	-2 890
Other services	-8 213	-2 269

The bulk of expenses are directly related to revenue from lottery and betting activities.

When comparing materials, consumables and services for the first half of 2017 and 2016, an increase in expenses primarily relates to the acquisition of Emma Delta Management Ltd incl. the OPAP S.A. sub-group of 6 October 2016 (see Note 10).

21. Personnel expenses

	30/06/2017	30/06/2016
Personnel expenses	-39 731	-6 382
Wages and salaries	-31 858	-4 598
Social security and health insurance	-6 814	-1 609
Other social expenses	-750	-175
Retirement benefit costs	-309	--

When comparing personnel expenses for the first half of 2017 and 2016, an increase in these expenses primarily relates to the acquisition of Emma Delta Management Ltd incl. the OPAP S.A. sub-group of 6 October 2016 (see Note 10).

22. Depreciation and amortisation

	30/06/2017	30/06/2016
Depreciation and amortisation	-30 086	-1 058
Depreciation of property, plant and equipment	-8 068	-531
Amortisation of intangible assets	-22 018	-527

When comparing depreciation expense for the first half of 2017 and 2016, an increase in this expense primarily relates to the acquisition of Emma Delta Management Ltd incl. the OPAP S.A. sub-group of 6 October 2016 (see Note 10).

23. Other operating expenses

	30/06/2017	30/06/2016
Other operating expenses	-295 557	-25 974
Repair and maintenance	-929	-84
Travel expenses	-1 005	-220
Fees	-535	-342
Other taxes	-4 854	-3 596
Lottery tax	-251 659	-21 345
Insurance	-270	-30
Loss from the sale of non-current assets	-55	--
The remaining portion of operating expenses	-36 250	-357

When comparing other operating expenses for the first half of 2017 and 2016, an increase in these expenses primarily relates to the acquisition of Emma Delta Management Ltd incl. the OPAP S.A. sub-group of 6 October 2016 (see Note 10).

24. Finance income and finance costs

	30/06/2017	30/06/2016
Interest revenue	1 510	23
Interest revenue from loans	1 504	23
Revenue from bonds	6	--
Interest expense	-34 084	-9 242
Interest expense	-23 054	-9 242
Bond-related interest and expense	-11 030	--
Other financial gains / losses	302	-36 917
Foreign exchange gains	1 587	270
Income from ownership of securities	287	40
Loss on revaluation of financial assets at fair value through profit or loss	--	-37 136
Other finance income	12	86
Other finance expenses	-1 584	-177
Profit/(loss) from financial operations	-32 272	-46 136

Loss on revaluation of financial assets at fair value through profit or loss represents a change in the fair value of non-current financial assets at 30 June 2016. On 6 October 2016, these assets entered into purchase price allocation (see Note 10). As at the date of purchase price allocation, the fair value of these assets was TEUR 231 507, resulting in revaluation of TEUR 23 371. The revaluation is disclosed in Note 24 to the consolidated financial statements of the SAZKA Group a.s. group for the accounting period ended 31 December 2016.

25. Share of profit of equity-accounted investees

	30/06/2017	30/06/2016
Share of profit of equity-accounted investees	36 451	3 895

The Group exercises substantial influence over the following associated companies: Medial Beteiligungs-GmbH, LTB Beteiligungs GmbH, CLS Beteiligungs GmbH, LOTTOITALIA S.r.l., GLORY TECHNOLOGY LTD and NEUROSOFT S.A. (see Note 5). NEUROSOFT S.A. is the only company whose shares are publicly traded.

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

26. Income tax

	30/06/2017	30/06/2016
Income tax	-33 658	-3 625
Current income tax	-27 412	-3 578
Deferred income tax	-6 246	-47

Deferred tax is calculated using valid tax rates that are also expected to be valid when the asset is realised or the liability settled. The tax rates are country dependent and in compliance with local legislations.

Current tax comprises the tax estimate for the reported period as at 30 June 2017 and an adjustment to the tax estimate for 2016.

27. Contingencies

Legal matters

The Group expects legal claims from OPAP S.A. The negative outcome is likely and therefore the Group created a provision (see Note 15), including interest, amounting to TEUR 44 206 (31 December 2016: TEUR 32 194).

28. Operating segments

Information about operating segments is reported based on internal management reporting and information provided to key persons responsible for making decisions about operating activities in compliance with IFRS 8. The operating segment represents a separate category of games and other services provided by group companies. Information about activities that do not fall within the scope of the reported segment is disclosed in Other unallocated operations and other operations.

The Group's business activities can be divided into the following segments: lotteries, instant lotteries, sports betting, video lottery terminals (VLT), telecommunication and other services.

(a) Business segments

Segment information for the year ended

30 June 2017

	Lotteries	Instant lotteries	Sports betting	VLT	Telecommunication and other services	Other unallocated operations and other operations	Total
Continuing operations							
Amounts wagered	1 368 263	254 921	716 823	9 376	--	--	2 349 383
Revenue from lottery and betting activities	491 996	90 830	190 220	9 376	--	--	782 422
Other revenues and other operating revenues	--	32	--	--	44 278	6 079	50 389
Agents' commission	-113 050	-22 125	-47 568	-2 312	--	-1 355	-186 410
Lottery tax	-157 001	-26 319	-65 477	-2 813	-49	--	-251 659
Operating expenses	-111 889	-22 989	-51 448	-2 054	-44 956	-10 502	-243 838
Depreciation and amortisation	-12 091	-8 147	-6 827	-1 149	-114	-1 758	-30 086
Profit/loss from operating activities	97 965	11 282	18 900	1 048	-841	-7 536	120 818
Interest revenue						1 510	1 510
Interest expense						-34 084	-34 084

SAZKA Group a.s.
 Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

Segment information for the year ended

30 June 2016

	Lotteries	Instant lotteries	Sports betting	Telecommunication and other services	Other unallocated operations and other operations	Total
Continuing operations						
Amounts wagered	147 890	28 911	25 285	--	--	202 086
Revenue from lottery and betting activities	76 761	10 757	1 618	--	--	89 136
Other revenues and other operating revenues	--	--	--	3 853	4 689	8 542
Agents' commission	-8 574	-1 867	-61	--	-1 404	-11 906
Lottery tax	-18 478	-2 474	-370	-23	--	-21 345
Operating expenses	-20 595	-3 578	-2 604	-4 754	-7 116	-38 647
Depreciation and amortisation	-634	-72	-242	-19	-91	-1 058
Profit/loss from operating activities	28 480	2 766	-1 659	-943	-3 922	24 722
Interest revenue					23	23
Interest expense					-9 242	-9 242

SAZKA Group a.s.

Condensed interim consolidated financial statements for the period ended 30 June 2017 (in thousands of EUR)

(b) Geographical segments

As at 30 June 2017, the Group carried out its business activities in the Czech Republic, Greece, Cyprus, Austria, Italy and Vietnam. In 2016, the Group carried out its business activities in the Czech Republic, Greece, Cyprus, Austria and Italy.

Information about revenues for the year ended 30 June 2017 and assets and liabilities as at the same date in TEUR	Czech Republic	Greece	Cyprus	Austria	Italy	Vietnam	Inter-company transactions	Total
Revenues and other operating revenues	101 756	705 852	42 129	--	--	--	-16 926	832 811
Segment assets	1 551 585	2 650 592	1 941 078	184 619	324 618	414	-2 866 360	3 786 546
Segment liabilities	839 093	1 053 344	315 885	9	--	350	-134 115	2 074 566
Information about revenues for the period ended 30 June 2016 in TEUR	Czech Republic	Greece	Cyprus	Austria	Italy	Vietnam	Inter-company transactions	Total
Revenues and other operating revenues	97 838	--	--	--	--	--	-160	97 678
Information about assets and liabilities as at 31 December 2016 in TEUR	Czech Republic	Greece	Cyprus	Austria	Italy	Vietnam	Inter-company transactions	Total
Segment assets	1 301 502	2 832 254	1 908 796	140 775	202 074	--	-2 743 041	3 642 360
Segment liabilities	701 183	910 929	374 393	9	--	--	-96 522	1 889 992

29. Related parties

Relations between the Group and its related parties include relationships with shareholders and other persons as shown in the table below. The parties are as follows:

- (1) – Shareholders and companies they control
- (2) – Key management personnel in a given entity or the entity's parent company

All the parties disclosed below are related to the Group through their relationships within the KKCG AG group. Some of them are also related through key management personnel.

All material transactions with related parties were carried out on an arm's length basis.

(a) Outstanding related-party balances as at 30 June 2017 and 31 December 2016:

	30/06/2017	31/12/2016
Receivables	10 381	16 034
Payables	55 034	59 916

The major items of payables as at 30 June 2017 were loans received from the shareholders of KKCG AG and Emma Gamma Limited amounting to TEUR 54 213 (31 December 2016: TEUR 56 118), described in detail in Note 13.

The major items of receivables as at 30 June 2017 were receivables from KKCG Structured Finance AG amounting to TEUR 10 218 (31 December 2016: TEUR 13 606) and consisting of current financial assets described in Note 8.

(b) Related-party transactions for the period ended 30 June 2017 and 30 June 2016:

	30/06/2017	30/06/2016
Revenues	301	1 800
Expenses	6 527	4 069

The major items of expenses as at 30 June 2017 were interest expenses relating to loans received from the shareholder of KKCG AG amounting to TEUR 1 675 (30 June 2016: TEUR 2 300) and a related party of KKCG Structured Finance AG amounting to EUR 0 (30 June 2016: TEUR 1 534).

(c) Transactions with members of the consolidated companies' bodies for the period ended 30 June 2017 and 30 June 2016:

Payroll expenses, bonuses and other personnel expenses of members of the board of directors, supervisory board and executive management are disclosed in the following table:

	2017		2016	
	Board of directors and supervisory board	Executive management	Board of directors and supervisory board	Executive management
Wages and salaries	--	8 339	--	2 006
Social and health insurance	38	1 236	--	420
Fees to members of statutory bodies	329	--	--	--
Total	367	9 575	--	2 426

30. Subsequent events

Description of events that occurred after 30 June 2017:

- On 7 June, the Group signed a contract to purchase an additional 38.19% share in Neurosoft S.A., which is part of the OPAP S.A. sub-group. After completing the transaction, obtaining an approval by the appropriate Cypriot economic competition bodies and paying the agreed purchase price of TEUR 34 197 on 2 August 2017, the OPAP S.A. sub-group's share in Neurosoft S.A. increased from 29.53% to 67.72%.
- On 29 August 2017, a new company - SAZKA Group Russia LLC – was established in Moscow. It is a 100% subsidiary of SAZKA Group a.s.
- The Group signed contracts to acquire other shares in Medial Beteiligungs-GmbH (an investor in Casinos Austria AG) in the future. Transactions are still in the phase of negotiations. They must be approved by the Czech antimonopoly office and other regulatory bodies.

Except for the above events, no other subsequent events have occurred that would have a material impact on the consolidated financial statements as at 30 June 2017.

Date: 16 October 2017	Signature of the authorised representative(s): Pavel Šároch Member of the board of directors Pavel Horák Member of the board of directors
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