

Financial Statements (USD'000)

COMPANY SAMPLE INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE YEARS ENDED JUNE 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	(in 000s, except per share amounts)		
Revenues:			
Gaming equipment and systems	\$ 592,061	\$ 522,342	\$ 439,534
Gaming operations	404,978	357,417	318,621
	<u>997,039</u>	<u>879,759</u>	<u>758,155</u>
Costs and expenses:			
Cost of gaming equipment and systems(1)	228,805	226,636	184,836
Cost of gaming operations	122,188	99,680	88,820
Selling, general and administrative	276,685	255,043	225,033
Research and development costs	111,118	96,182	88,086
Depreciation and amortization	22,733	22,775	19,845
	<u>761,529</u>	<u>700,316</u>	<u>606,620</u>
Operating income	235,510	179,443	151,535
Other income (expense):			
Interest income	5,328	5,221	4,960
Interest expense	(18,120)	(17,378)	(11,984)
Loss on extinguishment of debt	—	—	(4,119)
Other, net	(6,443)	(2,827)	3,001
Income from continuing operations before income taxes	216,275	164,459	143,393
Income tax expense	(76,574)	(63,549)	(45,182)
Income from continuing operations	139,701	100,910	98,211
Discontinued operations:			
Loss on sale of discontinued operations, net of tax	—	—	(403)
Loss from discontinued operations, net of tax	—	—	(403)
Net income	139,701	100,910	97,808
Less net loss attributable to noncontrolling interests	(1,743)	(238)	(455)
Net income attributable to Bally Technologies, Inc.	<u>\$ 141,444</u>	<u>\$ 101,148</u>	<u>\$ 98,263</u>
Basic earnings per share attributable to Bally Technologies, Inc.:			
Income from continuing operations	\$ 3.53	\$ 2.35	\$ 1.90
Loss on sale of discontinued operations	—	—	(0.01)
Basic earnings per share	<u>\$ 3.53</u>	<u>\$ 2.35</u>	<u>\$ 1.89</u>
Diluted earnings per share attributable to Bally Technologies, Inc.:			
Income from continuing operations	\$ 3.45	\$ 2.28	\$ 1.82
Loss on sale of discontinued operations	—	—	(0.01)
Diluted earnings per share	<u>\$ 3.45</u>	<u>\$ 2.28</u>	<u>\$ 1.81</u>
Weighted average shares outstanding:			
Basic	40,120	42,985	51,960
Diluted	<u>40,992</u>	<u>44,420</u>	<u>54,420</u>
Amounts attributable to Bally Technologies, Inc.:			
Income from continuing operations, net of tax	\$ 141,444	\$ 101,148	\$ 98,666
Loss on sale of discontinued operations, net of tax	—	—	(403)
Net income	<u>\$ 141,444</u>	<u>\$ 101,148</u>	<u>\$ 98,263</u>

COMPANY SAMPE INC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2013 AND 2012

	June 30,	June 30,
	2013	2012
	(in 000s, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 63,220	\$ 32,673
Restricted cash	12,939	13,645
Accounts and notes receivable, net of allowances for doubtful accounts of \$14,813 and \$14,073	248,497	264,842
Inventories	68,407	75,066
Prepaid and refundable income tax	21,845	13,755
Deferred income tax assets	38,305	42,822
Deferred cost of revenue	22,417	17,615
Prepaid assets	14,527	13,061
Other current assets	2,920	6,980
Total current assets	<u>493,077</u>	<u>480,459</u>
Restricted long-term investments	14,786	12,171
Long-term accounts and notes receivables, net of allowances for doubtful accounts of \$1,764 and \$3,029	65,456	55,786
Property, plant and equipment, net	35,097	30,667
Leased gaming equipment, net	113,751	121,151
Goodwill	172,162	171,971
Intangible assets, net	25,076	39,166
Deferred income tax assets	17,944	7,409
Income tax receivable	1,837	12,041
Deferred cost of revenue	12,105	16,542
Other assets, net	27,974	23,104
Total assets	<u>\$ 979,265</u>	<u>\$ 970,467</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 25,863	\$ 41,414
Accrued and other liabilities	91,127	85,310
Jackpot liabilities	11,731	11,682
Deferred revenue	62,254	46,314
Income tax payable	11,345	12,226
Current maturities of long-term debt	24,615	17,091
Total current liabilities	<u>226,935</u>	<u>214,037</u>
Long-term debt, net of current maturities	580,000	494,375
Deferred revenue	23,696	26,715
Other income tax liability	12,658	13,922
Other liabilities	16,804	23,943
Total liabilities	<u>860,093</u>	<u>772,992</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Special stock, 10,000,000 shares authorized: Series E, \$100 liquidation value; 0 and 115 shares issued and outstanding	—	12
Common stock, \$.10 par value; 100,000,000 shares authorized; 65,318,000 and 63,150,000 shares issued and 38,855,000 and 42,102,000 outstanding	6,523	6,309
Treasury stock at cost, 26,463,000 and 21,048,000 shares	(1,058,381)	(790,633)
Additional paid-in capital	535,759	489,002
Accumulated other comprehensive loss	(10,692)	(13,477)
Retained earnings	646,339	504,895
Total Company Sample Inc stockholders' equity	<u>119,548</u>	<u>196,108</u>
Noncontrolling interests	(376)	1,367
Total stockholders' equity	<u>119,172</u>	<u>197,475</u>
Total liabilities and stockholders' equity	<u>\$ 979,265</u>	<u>\$ 970,467</u>

COMPANY SAMPE INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE YEARS ENDED JUNE 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	(in 000s)		
Cash flows from operating activities:			
Net income	\$ 139,701	\$ 100,910	\$ 97,808
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on sale of discontinued operations, net of tax	—	—	403
Loss on extinguishment of debt	—	—	4,119
Depreciation and amortization	88,272	81,453	74,980
Amortization of deferred debt issuance costs	1,810	1,807	3,404
Share-based compensation	13,380	14,172	12,907
Provision for doubtful accounts	11,173	9,863	7,963
Inventory write-downs	6,130	5,902	3,623
Income tax (benefit) expense	(6,723)	(5,986)	18,811
Excess tax benefit of stock option exercises	(18,899)	(5,523)	(8,214)
Other	2,333	3,949	(1,320)
Change in operating assets and liabilities:			
Accounts and notes receivable	1,084	(35,934)	(46,647)
Inventories	(54,832)	(98,432)	(101,797)
Prepaid and refundable income tax and income tax payable	19,240	40,802	(24,849)
Other current assets	(83)	(7,111)	(557)
Accounts payable	(15,484)	(2,693)	14,615
Accrued and jackpot liabilities	5,374	15,376	3,393
Deferred revenue and deferred cost of revenue	12,896	12,428	(1,886)
Net cash provided by operating activities	<u>205,372</u>	<u>130,983</u>	<u>56,756</u>
Cash flows from investing activities:			
Acquisitions	—	(10,490)	—
Capital expenditures	(16,802)	(11,464)	(13,202)
Restricted cash and investments	(1,909)	(4,913)	474
Development financing provided to customers	(1,228)	—	(9,940)
Payments received from development financing	223	—	—
Additions to other long-term assets	(1,932)	(8,331)	(6,552)
Net cash used in investing activities	<u>(21,648)</u>	<u>(35,198)</u>	<u>(29,220)</u>
Cash flows from financing activities:			
Proceeds from borrowing	100,000	—	300,000
Proceeds from revolving credit facility	100,000	41,000	250,884
Payments on revolving credit facility	(90,000)	(30,000)	(31,884)
Capitalized debt issuance costs	(4,909)	—	(7,118)
Pay-off of debt from refinancing	—	—	(142,500)
Payments on long-term debt and capital leases	(16,964)	(15,040)	(35,049)
Acquisition-related contingent consideration	(1,351)	—	—
Distributions to noncontrolling interests	—	(82)	(239)
Purchase of treasury stock and forward contract	(292,378)	(154,235)	(477,215)
Purchase of series E special stock	(12)	—	—
Excess tax benefit of stock option exercises	18,899	5,523	8,214
Proceeds from exercise of stock options and employee stock purchases	35,642	25,888	28,441
Net cash used in financing activities	<u>(151,073)</u>	<u>(126,946)</u>	<u>(106,466)</u>
Effect of exchange rate changes on cash	<u>(2,104)</u>	<u>(2,591)</u>	<u>669</u>
Net cash used in operating activities of discontinued operations	<u>—</u>	<u>—</u>	<u>(403)</u>
Cash and cash equivalents:			

Increase (decrease) for year	30,547	(33,752)	(78,664)
Balance, beginning of year	32,673	66,425	145,089
Balance, end of year	\$ 63,220	\$ 32,673	\$ 66,425

	Year Ended June 30,		
	2013	2012	2011
		(in 000s)	
Cash paid for interest	\$16,124	\$ 17,119	\$11,985
Cash paid for income taxes	63,693	29,297	46,132
Non-cash investing and financing transactions:			
Transfer of inventory to leased gaming equipment(1)	74,840	104,512	87,307
Reclassify property, plant and equipment to inventory(1)	17,112	16,685	15,519
Liabilities assumed in acquisitions	—	5,395	—