

2013

Loterie Romande

Financial Report

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Loterie Romande places considerable importance on respecting the interests of its various stakeholders in how it conducts its business. It applies a responsible and effective management model, founded on transparency and best-practice corporate governance. Its annual accounts for the 2013 financial year have been presented in compliance with all **Swiss GAAP Accounting & Reporting Recommendations** (FER/RPC/ARR), as applied from 1st January 2013. According to **Swiss GAAP ARR standards**, the company's accounts present a true and faithful picture of the company's assets, financial position and results.

The decision, on recommendation from the Swiss Lottery & Betting Board (Comlot), to implement these Swiss GAAP ARR reporting standards was made in anticipation of future changes in legislation. This change has involved restating the balance sheet as of 31 December 2012 in order to ensure the comparability of different financial years. In the Annual Report and Social Report for this financial year, the **net profit** shown is the total to be distributed to the cantonal and sports distributing bodies, after allocation of the sum of CHF 3 million to free reserves. This change to previous practice was decided and approved by the General Assembly on 28 November 2013. The free reserves are required for long-term management of the company's financial resources.

*New principles
for reporting
and presentation
of accounts*

Balance sheet as of 31 December 2013 (in CHF)

Notes

2013
ARR**2012**
ARR**ASSETS**

Current assets	Cash and liquid assets	3	191,068,390	174,237,348
	Short-term deposits	4	30,278,928	52,778,874
	Retailers	5	16,974,221	14,684,261
	Other current assets	6	20,774,598	20,520,047
	Stocks	7	2,210,947	2,588,388
	Pre-paid expenses and accrued income	8	5,025,979	4,356,672
			266,333,063	269,165,588
Fixed assets	Tangible fixed assets	9	41,946,061	34,316,439
	Financial fixed assets	10	23,086,238	23,186,073
	Intangible fixed assets	11	18,340,035	21,074,274
			83,372,334	78,576,786

TOTAL ASSETS**349,705,397 347,742,374**

Notes

2013
ARR**2012**
ARR**LIABILITIES**

Current liabilities	Winnings and prizes payable	12	18,340,438	22,369,785
	Players' accounts	13	2,330,764	1,257,243
	Trade accounts payable	14	6,250,628	5,621,942
	Profit to be paid out	15	40,564,154	41,232,263
	Sundry liabilities	16	5,355,823	6,467,009
	Short-term provisions	17	2,925,028	3,000,000
	Accrued charges and deferred income	18	21,218,971	19,259,659
			96,985,806	99,207,901
Own funds, capital & reserves	Guarantee fund		862,000	862,000
	Free reserves		42,848,868	42,848,868
	Net profit		209,008,722	204,823,605
			252,719,591	248,534,473

TOTAL LIABILITIES**349,705,397 347,742,374**

Income statement 2013 (in CHF)

	Notes	2013 ARR	2012 CO
GROSS GAMING REVENUES	20	377,735,251	367,024,827
Other operating income			
Regulatory duties and adjustments		5,226,848	7,508,627
Income from rebilling		925,840	857,657
Operating costs and expenses			
Comlot supervision fees		-744,854	-744,779
Levy for prevention of excessive gambling		-1,888,676	–
Commission fees & VAT	21	-69,596,211	-68,120,081
Retailers' expenses		-647,012	-752,103
Cost of producing games		-5,005,583	-5,127,529
Cost of operating games		-14,975,991	-13,015,108
IT expenses		-19,204,587	-19,617,578
Personnel costs		-27,136,993	-28,589,749
General overheads & administrative costs		-7,218,255	-7,353,646
Marketing, publicity & communications expenses		-15,230,183	-16,336,196
Sales & promotional events		-2,854,779	-3,445,693
Depreciation & amortisation charges		-13,248,159	-13,207,151
Allocation/release of operating provisions		–	-92,166
Operating costs	22	-105,521,542	-107,536,919
OPERATING PROFIT		206,136,656	198,989,333
Financial costs and income	23	398,758	614,736
PROFIT FROM ORDINARY OPERATIONS		206,535,415	199,604,069
Non-operating costs and income	24	2,473,308	5,219,536
NET PROFIT BEFORE DISTRIBUTION		209,008,722	204,823,605

Cash flow statement 2013 (in CHF)

2013

CASH AS OF 1 JANUARY		174,237,348
Cash flow from operating activities	Net profit	209,008,722
	+ Depreciation & amortisation charges	13,248,159
	+/- Allocation to/release of provisions	-2,402,414
	+/- Other non-cash items	-165
	+/- Proceeds from sale of fixed assets	-36,728
	Cash flow from operating activities	219,817,575
	+/- Trade accounts receivable	-2,289,960
	+/- Stocks	377,441
	+/- Other receivables and accrued assets	-923,858
	+/- Trade accounts payable	628,687
	+/- Other short-term debts and accrued liabilities	-448,367
	Increase/decrease in working capital	-2,656,058
	Net cash from operating activities	217,161,516
Cash flow from investing activities	+/- Short-term deposits	22,499,946
	- Investment in tangible fixed assets	-14,606,032
	+ Disposal of participation	115,181
	- Investment in intangible fixed assets	-3,538,894
	+ Proceeds from sale of fixed assets	22,930
	Net cash from investments	4,493,131
Cash flow from financing activities	- Distribution of prior-year profits	-204,823,605
	Net cash used in financing activities	-204,823,605
CHANGE IN CASH POSITION		16,831,043
NET CASH AS OF 31 DECEMBER		191,068,390

Statement of movements in own funds & capital (in CHF)

	Guarantee fund	Profit to be paid out	Free reserves	Net profit
Own funds, capital & reserves as at 31 December 2012 (before restatement)	862,000	243,965,868		
Impact of implementation of ARR		-39,142,263	42,848,868	
Own funds, capital & reserves as at 31 December 2012 (after restatement)	862,000	204,823,605	42,848,868	
Profit to be paid out		-204,823,605		
Allocation to/Use of free reserves				
Net profit for the year				209,008,722
OWN FUNDS & CAPITAL AS AT 31 DECEMBER 2013	862,000	-	42,848,868	209,008,722

Breakdown of profits distributed 2013 (in CHF)

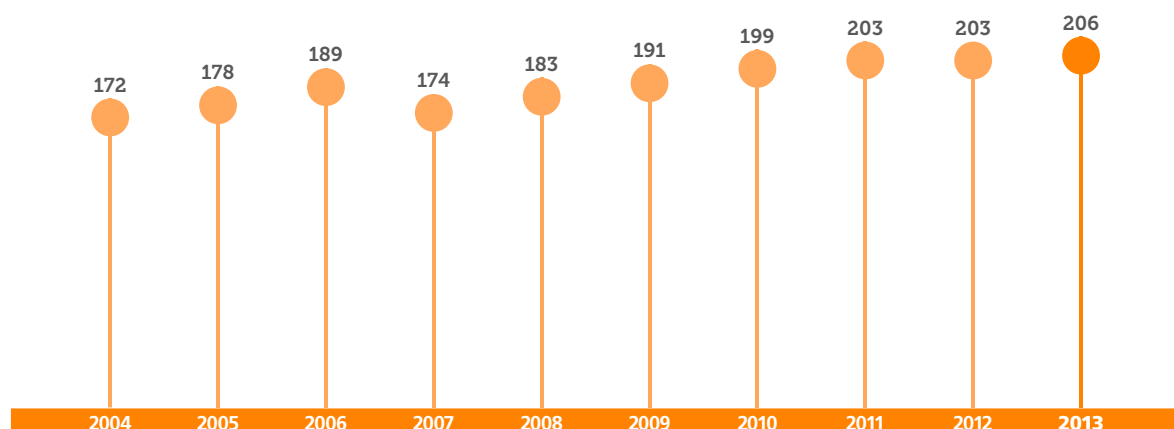
Profits in 2013	209,008,722
- Allocation to/+ Use of free reserves	-3,000,000

TOTAL PROFIT FOR DISTRIBUTION	206,008,722
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5/6ths TO DISTRIBUTING BODIES AND AGENCIES	171,673,935
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1/6th ALLOCATED TO SPORT (INCL. EQUESTRIANISM)	34,334,787
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Detailed breakdown	- Swiss Olympic, ASF & NHL (index-linked 119.73)	6,481,835
	- ADEC (12.75% of PMUR's GGR)	3,742,702
	- Share allocated to cantonal distributing bodies for sport	24,110,250

Distribution (in CHF million)

Basis for distribution of profits (in CHF)

Gross gaming revenues (GGR)

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Instant/ scratch-card games	37,786,290	9,674,862	21,542,305	10,590,107	14,476,400	4,555,612	98,625,576
Draw-based games	56,697,217	18,721,542	30,090,248	12,408,056	25,299,785	5,009,206	148,226,054
Sports betting	1,695,500	471,569	906,958	423,984	855,890	107,723	4,461,624
Loterie électronique	35,547,603	5,728,975	17,407,418	8,709,996	22,977,976	3,108,275	93,480,243
PMUR	13,701,626	1,774,790	4,744,389	4,066,692	6,846,983	1,807,275	32,941,755
TOTAL	145,428,236	36,371,737	74,691,317	36,198,836	70,457,033	14,588,092	377,735,251

Population

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
POPULATION	734,356	291,395	321,732	174,554	463,101	70,942	2,056,080

Breakdown of profits by canton 2013 (in CHF)

Share allocated to cantonal distributing bodies and agencies

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	30,657,801	12,165,122	13,431,627	7,287,258	19,333,482	2,961,678	85,836,968
GGR	33,047,270	8,265,153	16,972,936	8,225,863	16,010,733	3,315,014	85,836,968
TOTAL	63,705,071	20,430,275	30,404,563	15,513,121	35,344,215	6,276,691	171,673,935

Share allocated to cantonal distributing bodies for sport

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	4,305,646	1,708,495	1,886,366	1,023,438	2,715,235	415,944	12,055,125
GGR	4,641,228	1,160,776	2,383,715	1,155,257	2,248,581	465,568	12,055,125
TOTAL	8,946,875	2,869,271	4,270,081	2,178,695	4,963,816	881,512	24,110,250

Notes to annual financial statements

With comparable 2012 data/expressed in Swiss francs (CHF)

1. General information

Société de la Loterie de la Suisse Romande is a private-law non-profit-making association. It is governed by Articles 60ff of the Swiss Civil Code. Loterie Romande has its registered head office in Lausanne and is registered in the Register of Companies. Its business object is to organise and operate, with the due authorisations as laid down in legislation, lottery games and betting involving draws in money and in kind, and to redeploy net profits generated from this to public-service institutions and associations – social-welfare, cultural, research or sporting – working for the community in the cantons of French-speaking Switzerland.

2. Accounting and valuation principles

Basis on which the accounts have been compiled

The transition from 31st December 2012 to 1st January 2013 was marked by a change in the way in which the company's accounts are presented. Up until 31st December 2012, the annual accounts had been presented in accordance with the Swiss Code of Obligations (CO). As from 1st January 2013, the annual accounts have been reported and presented in accordance with Swiss GAAP Accounting & Reporting Recommendations (ARR/FER/RPC). In addition to some items on the balance sheet and income statement being reclassified, the main changes to the presentation of the annual accounts have involved combining cash and liquid assets under one item, a more detailed presentation of the different types of fixed

asset, and separate presentation of provisions and reserves, with an 'Own funds, capital & reserves' item comprising 'Free reserves' encompassing all previous forms of reserve.

The annual accounts for the 2013 financial year have thus been presented in compliance with all Swiss GAAP Accounting & Reporting Recommendations (ARR), as applied from 1st January 2013. The annual accounts represent a true and faithful picture of the assets, financial position and results according to the Swiss GAAP ARR rules.

These accounts have been drawn up on the basis of the 'going concern' principle. The accounts are prepared according to the historical cost principle. The accounting years are defined in accordance with the accrual basis of accounting.

Transactions in foreign currencies

Transactions in foreign currencies are converted at the exchange rate at the end of the previous month. Currency gains and losses resulting from completion of such transactions, as well as the revaluation of balance-sheet items in foreign currencies to the exchange rate on the period-closing date, are booked in the income statement for the period.

Transactions with associated parties

No transaction of any significance was undertaken with associated parties.

Cash and liquid assets

This item includes cash in hand, postal accounts and cash held at banks that can be readily converted into cash. Cash and liquid assets are valued at their nominal value.

Restatements as of 31.12.2012	CO balance sheet 31.12.2012	Adjustments	ARR balance sheet 31.12.2012
ASSETS	340,100,490	7,641,884	347,742,374
Cash and liquid assets	227,098,187	-52,860,839	174,237,348
Short-term deposits		52,778,874	52,778,874
Other current assets	35,221,351	6,928,016	42,149,367
Tangible fixed assets	35,115,195	-798,756	34,316,439
Financial fixed assets	23,104,108	81,965	23,186,073
Intangible fixed assets	19,561,649	1,512,625	21,074,274
LIABILITIES	-340,100,490	-7,641,884	-347,742,374
Current liabilities	-56,064,121	-40,143,779	-96,207,901
Provisions and reserves	-46,250,000	43,250,000	-3,000,000
Own funds, capital & reserves	-237,786,368	-10,748,105	-248,534,473

Short-term deposits

Financial investments are made for a maximum duration of one year. Such transactions are contracted with financially sound counterparties in accordance with a stringent in-house procedure ratified by the Board of Directors.

Retailers' current-account balances

Current-account balances of retailers marketing our lottery games represent, at nominal value, the total stake money cashed on the company's behalf, after deduction of winnings paid out by retailers and retailers' commission fees. A provision for losses on accounts receivable, corresponding to economic reality, is calculated each year. The principle for calculating this is as follows:

% of amount receivable due	and in arrears for
15 %	< = 30 days
50 %	< = 60 days
100 %	> 60 days

Other current assets

Other short-term receivables are booked at nominal value with due account being taken of any requisite value adjustments.

Stocks

Stocks bought from third parties are valued at their acquisition cost or at cost. Discounts or rebates are treated as reductions in the acquisition cost. The value of stocks is calculated on a FIFO basis.

Pre-paid expenses and accrued income

This item covers costs paid in advance chargeable to the following financial year, together with income relating to the current financial year that will only be paid at a later date. Pre-paid expenses and accrued income are valued at their nominal value.

Tangible and intangible fixed assets

Tangible and intangible assets are valued at their acquisition cost, less any required depreciation charges. Depreciation of fixed assets is calculated using the straight-line method over their economically useful life-times.

Life-times for various assets

Buildings	33 years
Installations & equipment	10 years
IT hardware	depending on type of asset 4-8 years
Furniture, fixtures & fittings	depending on type of asset 2-10 years
Fixtures & fittings at points of sale	5 years
Audiovisual equipment	4 years
Vehicles	4 years
Software	depending on type of asset 4-6 years

Depreciation commences as soon as the fixed asset starts being used.

The value of tangible and intangible fixed assets is subject to examination if signs are noticed indicating the asset's book value might be lower than its recoverable value.

Loans and other financial fixed assets

Financial fixed assets include non-consolidated participations and a long-term loan secured by property. These fixed assets are valued at acquisition cost after deduction for economically necessary value adjustments. Those denominated in foreign currencies are booked at the exchange rate applicable on the date when the accounts are closed. Balances in bank accounts acting as collateral for rent guarantees also come under this heading.

Current liabilities

These liabilities are booked at their nominal value. Current liabilities comprise all debts with maturities of less than 12 months.

Pension liabilities

Pension liabilities are calculated on the basis of the balance sheet of the occupational retirement benefit plan established in accordance with Swiss GAAP/ARR Standard No.26. As of 31st December 2013, the provisional position showed surplus cover which does not reach the targeted fluctuation reserving rate as defined in the Foundation's regulations. Loterie Romande does not recognise this surplus as an economic benefit as it is not planning to reduce its contributions. Nor are there any employer contribution reserves.

Provisions

Probable liabilities based on a past event and the amount of which, the probability of it happening and when, cannot be stipulated with any certainty, but can be estimated reliably, are booked under provisions. For instance, this could relate to liabilities connected with legal or other such proceedings.

Accrued charges and deferred income

This item comprises expenses or costs chargeable to the current financial year, but which will only be paid at a later stage, as well as any income received in advance, but relating to the subsequent financial year. Accrued charges and deferred income are valued at their nominal value.

Own funds, capital & reserves – Guarantee fund

This item corresponds to the sum paid by the five French-speaking cantons when the Loterie Romande was set up in 1937 at historical cost. It also includes the sum paid in by the Canton of Jura when it was created.

Free reserves

Free reserves correspond to an item the Board of Directors and the General Assembly may decide to pay into or draw down. Allocated from profits generated in the annual accounts, sums considered appropriate are set aside for free reserves necessary for the sound long-term management of the company's funds. Redeploying these free reserves must meet this long-term management goal. The Board of Directors submits a proposal to set aside or use these free reserves for approval by the General Assembly. Profits from the annual accounts and movements in the free reserves dictate the level of net profits to be distributed under the terms of the Intercantonal convention on lotteries and betting. This change to previous practice was decided and approved by the General Assembly at its meeting in Lausanne on 28 November 2013.

Gross gaming revenues

Gross gaming revenues (GGR) constitute the difference between the money staked by players and the winnings paid out, adjusted for the theoretical payout ratio as defined in the draw schedule.

Owing to Loterie Romande's weekly invoicing period, the 2013 financial year books sales from 30 December 2012 to 28 December 2013 (2012: from 1st January 2012 to 29 December 2012).

Approval of accounts

The annual accounts were approved by the Board of Directors at its meeting on 25 March 2014.

Significant events that occurred after the year-end closing date

The value of assets and liabilities is adjusted in the case of significant events, which were generated or conditions for which existed at the time of the balance-sheet date would modify values as of the year-end closing date. Such adjustments can occur up to the date when the financial accounts are approved by the Board of Directors. Events not altering balance-sheet values are presented in the following notes.

3. Cash and liquid assets

	2013	2012
Cash in hand	22,323	22,003
PostFinance postal account	62,364,448	57,724,755
Cash held at banks	128,681,619	116,490,590
CASH AND LIQUID ASSETS	191,068,390	174,237,348

4. Short-term deposits

	2013	2012
Short-term deposits	30,278,928	52,778,874
SHORT-TERM DEPOSITS	30,278,928	52,778,874

The rates of interest are calculated on the basis of going rates on the interbank market (LIBOR), with an appropriate margin.

Placements, in the form of loans, are contracted for a maximum period of one year at rates from 0.1% to 0.6%.

Income from such placements are booked in the Income statement under the 'Financial costs & income' item.

5. Retailers' current-account balances

	2013	2012
Retailers' current-account balances	17,374,221	15,084,261
Provision for losses on receivables	-400,000	-400,000
NET RETAILERS' BALANCES	16,974,221	14,684,261

Invoicing is done weekly, except for sales outlets operating Paris Mutuel Urbain (PMU) games, for which billing is done three times a week. Payments are collected at the end of

the week, except for sizeable accounts, where the payment deadline is 30 days.

6. Other current assets

	2013	2012
Société simple Euro Millions	8,996,539	9,242,876
Distributing bodies	9,780,653	8,743,910
Withholding tax paid at source	579,013	1,744,412
Sundry receivables	1,418,394	788,850
OTHER CURRENT ASSETS	20,774,598	20,520,047

The current account of the Société simple Euro Millions, relating to the Euro Millions game, is denominated in euros and valued at the euro/Swiss franc exchange rate in force on the last day of the financial year. This is mainly money paid into banks in order to take part in the Euro Millions game.

Receivables for the distributing bodies include donations allocated directly to various associations for which financing is drawn down from profits for the current year. Such amounts are subsequently deducted from the profits to be distributed once the accounts are definitively approved.

This 'Withholding tax paid at source' item constitutes withholding tax calculated on winnings paid and won at the time of the draws (online games). Withholding tax is then paid to the Swiss Federal Tax Administration (FTA) in the month following the month in which the draws take place, regardless of whether the winner has claimed their winnings or not.

7. Stocks

	2013	2012
Consumables	908,240	1,460,735
Finished products	1,302,707	1,127,653
STOCKS	2,210,947	2,588,388

Stocks comprise:

1. consumables, in particular spare parts needed for repairing and maintaining gaming machinery and terminals on our retailers' premises, as well as rolls of paper for the gaming equipment;
2. finished products, i.e. batches of cards/tickets already printed and waiting to be put on sale (their value comprises the cost of printing and the paper).

8. Pre-paid expenses and accrued income

	2013	2012
Winnings calculated on stakes booked in advance (multi-draws)	1,195,260	900,281
Adjustments to GGR	1,565,933	2,275,000
Pre-paid expenses	1,552,753	825,155
Accrued interest and other income to be booked	15,028	137,337
Other accrued assets	697,006	218,900
PRE-PAID EXPENSES AND ACCRUED INCOME	5,025,979	4,356,672

This item covers, in particular, invoiced charges paid in advance by the closing date for the accounts, but relating to the following financial year. Adjustments to GGR are also included under this item. This adjustment constitutes the difference between the actual rate of payout on winnings and the theoretical payout ratio as defined in the draw

schedule. The counterpart of this can be found in the Income statement under the Draws item. The GGR figure in the operating account is thus the theoretical GGR from games.

9. Tangible fixed assets

	Property & buildings	Installations and equipment	Furniture, fixtures and vehicles	IT hardware	Fixed assets under construction
Net value as of 31.12.2012	9,015,289	1,932,258	5,548,347	17,174,219	1,445,082
Value adjustments to fixed assets	–	–	-1,898,951	1,100,195	–
NET VALUES AS OF 1.1.2013	9,015,289	1,932,258	3,649,396	18,274,413	1,445,082
Gross values					
Position as of 1.1.2013	12,802,701	8,926,015	12,197,575	53,796,866	1,445,082
Additions during year	–	171,911	1,109,622	609,618	12,714,881
Disposals during year	–	–	-229,487	-356,257	–
Reclassification of assets	–	–	–	-17,567	–
Position as of 31.12.2013	12,802,701	9,097,927	13,077,710	54,032,660	14,159,963
Accumulated depreciation					
Position as of 1.1.2013	-3,787,412	-6,993,758	-8,548,179	-35,522,452	–
Provided during the year	-371,101	-504,431	-1,238,280	-4,861,215	–
Disposals during the year	–	–	228,645	355,716	–
Reclassification of assets	–	–	–	17,567	–
Writedowns on asset values	–	–	–	–	–
Position as of 31.12.2013	-4,158,513	-7,498,188	-9,557,814	-40,010,384	–
NET VALUES AS OF 31.12.2013	8,644,189	1,599,738	3,519,895	14,022,276	14,159,963

Property and mortgages

		2013	2012
Total value of buildings in the balance sheet		8,644,189	9,015,289
Mortgage notes on such property assets are as follows:			
First-ranked mortgage notes	Provence 14-20 ground floor	2,500,000	2,500,000
Second-ranked mortgage notes	Provence 14-20 ground floor	500,000	500,000
TOTAL OF GUARANTEE-FREE MORTGAGE NOTES		3,000,000	3,000,000

Values for fire-insurance purposes (policies in force)

	2013	2012
Buildings	25,332,870	22,782,625
Installations and equipment	61,776,134	61,776,134

Insurance values for the purposes of fire insurance contracts on fixtures, fittings and equipment were updated at 1st January 2012. Items are insured regardless of where they are located.

10. Financial fixed assets

	2013	2012
Long-term loan (10 years)	23,000,000	23,000,000
Participation in Romande des Jeux SA (RDJ), 100% of capital	–	100,000
Participation in SLE Euro Millions, 0.9% capital (EUR 3,401.70)	4,176	4,107
Rent guarantees & securities	82,062	81,966
FINANCIAL FIXED ASSETS	23,086,238	23,186,073

The long-term loan was contracted in 2011 with a term of 10 years. It is secured by property and bears interest in accordance with the contract terms.

The participations comprised in 2012 the Romande des Jeux SA company, 100%-owned by Loterie Romande. Romande des Jeux SA was wound up in December 2013. As of end-2013, there were still participations in the SLE company for the Euro Millions game and the Espace Gruyère SA company.

11. Intangible fixed assets

		Software
Net value as of 31.12.2012		19,561,649
Value adjustments to fixed assets		1,512,625
NET VALUE AS OF 1.1.2013		21,074,274
Gross values	Position as of 1.1.2013	69,481,406
	Additions during year	3,538,894
	Disposals during year	-4,547,653
	Reclassification of assets	17,567
	Position as of 31.12.2013	68,490,214
Accumulated depreciation	Position as of 1.1.2013	-48,407,132
	Provided during the year	-6,273,133
	Disposals during the year	4,547,653
	Reclassification of assets	-17,567
	Writedowns on asset values	–
	Position as of 31.12.2013	-50,150,179
NET VALUE AS OF 31.12.2013		18,340,035

12. Winnings and prizes payable

	2013	2012
Winnings and prizes payable	18,340,438	22,369,785
WINNINGS AND PRIZES PAYABLE	18,340,438	22,369,785

Winnings and prizes payable represent those winnings and prizes that can still be claimed by the winners in the 6 months following the date of the draw, as well as the jackpot reserve fund.

13. Players' accounts

	2013	2012
Players' accounts	2,330,764	1,257,243
PLAYERS' ACCOUNTS	2,330,764	1,257,243

The 'Players' accounts' item is the balance on players' Internet accounts. Funds for these accounts are supplied by the players themselves who use the money in their accounts to play the various games offered by Loterie Romande on its Internet platform. Once their accounts are credited, the

players can access the games offered by Loterie Romande. Winnings of up to CHF 1,000 are directly credited to players' accounts whereas winnings in excess of that figure are paid into their bank accounts.

14. Trade accounts payable

	2013	2012
Trade accounts payable	6,250,628	5,621,942
TRADE ACCOUNTS PAYABLE	6,250,628	5,621,942

15. Profit to be paid out

	2013	2012
Profit to be paid out	40,564,154	41,232,263
PROFIT TO BE PAID OUT	40,564,154	41,232,263

Profits are paid out in four quarterly instalments once the accounts have been finally validated by the General Assembly. Payments start from the second half of the following year.

As of the year-end closing date, the final quarter of profits for the 2012 financial year still remained to be paid out, which will be disbursed in March 2014.

16. Sundry liabilities

	2013	2012
Withholding tax payable	2,315,364	3,785,335
VAT payable	454,586	398,725
Partner companies' current-account balances	2,293,343	1,954,103
Sundry debts	292,530	328,845
SUNDRY DEBTS	5,355,823	6,467,009

The 'Withholding tax payable' item consists of withholding tax to be paid for winnings in the month of December. Partner companies' current-account balances relate to services

undertaken by our Swisslos and PMU France business partners related to joint running of various games.

17. Short-term provisions

	Provisions for legal costs	Other provisions	Total
Position as of 31.12.2012		200,000	200,000
Effect of implementing ARR standards	2,000,000	800,000	2,800,000
POSITION AS OF 1.1.2013	2,000,000	1,000,000	3,000,000
Allocation to provisions	–	–	–
Use of provisions	–	-74,972	-74,972
Release of provisions	–	–	–
POSITION OF 31.12.2013	2,000,000	925,028	2,925,028

As this pertains to a civil-law case as part of an application for dispute-resolution arbitration, the degree of certainty over the provision for legal costs cannot be estimated.

18. Accrued charges and deferred income

	2013	2012
Stakes booked in advance	2,290,679	1,770,479
Other accrued liabilities	1,926,456	715,089
Provision for invoices to be received	3,438,648	4,001,076
Adjustments to GGR	13,563,188	12,773,015
ACCRUED CHARGES AND DEFERRED INCOME	21,218,971	19,259,659

Adjustments to GGR constitute the difference between the actual rate of payout on winnings and the theoretical payout ratio as defined in the draw schedule. The GGR figure in the operating account is thus the theoretical GGR from games. This adjustment, on the liabilities side, implies that winnings paid out effectively compared to sales for the period are lower than the theoretical payout ratio.

This stems primarily from new tickets and games being launched at the end of the year, as well as the time-lag between the sale of a ticket/card and payment of any winnings relating to it. The most striking example of this is the Billet Le Million scratch-card, when the bulk of the sales occur at the end of Year N whereas the major prizes can only be cashed in at the start of Year N+1.

19. Pension liabilities

IPP LoRo surplus cover	Economic benefit		Change during year	Personnel costs	
2013	2013	2012		2013	2012
–	–	–	–	2,162,575	2,208,868

20. Gross gaming revenues (GGR)

	2013	2012
Gross gaming revenues	377,735,251	367,024,827
GROSS GAMING REVENUES	377,735,251	367,024,827

Gross gaming revenues (GGR) constitute the money staked by players less the winnings paid out as defined in the draw schedule.

21. Commission fees

	2013	2012
Commission fees	69,596,211	68,120,081
COMMISSION FEES	69,596,211	68,120,081

These constitute commission fees paid out to our 2,650 retailers from sales of lottery products and games.

22. Operating costs

	2013	2012
Retailers' expenses	647,012	752,103
Cost of producing games	5,005,583	5,127,529
Cost of operating games	14,975,991	13,015,108
IT expenses	19,204,587	19,617,578
Personnel costs	27,136,993	28,589,749
General overheads & administrative costs	7,218,255	7,353,646
Marketing, publicity & communications expenses	15,230,183	16,336,196
Sales & promotional events	2,854,779	3,445,693
Depreciation & amortisation charges	13,248,159	13,207,151
Other operating costs/income	–	92,166
OPERATING COSTS	105,521,542	107,536,919
OPERATING COSTS/GGR RATIO	27.9%	29.3%

Operating costs are all expenses and costs needed to operate Loterie Romande's games and run its business. Essentially, they comprise personnel costs, the cost of producing and

operating the games, marketing expenses, communications costs and depreciation & amortisation charges.

23. Financial costs and income

	2013	2012
Financial costs	173,972	151,993
Financial income	-572,730	-766,729
FINANCIAL COSTS AND INCOME	-398,758	-614,736

Financial costs and income include interest on bank and postal accounts, interest on the long-term loan and on fixed-term placements. Also included under this item are

currency gains/losses on accounts denominated in foreign currencies.

24. Non-operating costs and income

	2013	2012
Non-operating & exceptional costs	95,608	1,324,162
Non-operating & exceptional income	-2,568,915	-6,543,698
NON-OPERATING & EXCEPTIONAL COSTS & INCOME	-2,473,308	-5,219,536

In some financial years, some income and/or costs cannot be directly charged to the operation of lottery games. This might relate to one-off expenses which will not recur. For instance in 2013, provisions related to games that were no

longer run during the year were released. As for 2012, this item included a number of releases from reserves.

25. Off-balance-sheet operations

	2013	2012
Total amount of guarantees, deposits and other pledges in favour of third parties	100,000	100,000
Leasing debts of less than 1 year	194,273	58,763
Leasing debts between 1 and 4 years	1,202,158	1,578,682
TOTAL SUM OF LEASING DEBTS	1,396,431	1,637,445

The pledges are collateral security with a bank acting as cover for exchange-rate risks on forward currency purchases to pay our European suppliers.

Leasing debts relate to the company's fleet of vehicles.



Deloitte SA
Av. De Montchoisi 15
Case Postale 460
CH - 1001 Lausanne
Tel: +41 (0) 58 279 92 00
Fax: +41 (0) 58 279 93 00
www.deloitte.ch

Report of the statutory auditor

To the General Meeting of the members of
Société de la Loterie de la Suisse Romande, Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Société de la Loterie de la Suisse Romande, which comprise the balance sheet as at December 31, 2013, and the statement of income, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The financial statements for the year ended December 31, 2012 were audited by another auditor whose report, dated March 11, 2013, expressed an unqualified opinion on those financial statements.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law, intercantonal agreements and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require 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 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 the internal control system relevant to the entity's preparation 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 basis for our audit opinion.

Audit.Fiscalité.Conseil.Corporate Finance.

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

Société de la Loterie de la Suisse Romande
Report of the statutory auditor
for the year ended
December 31, 2013

Opinion

In our opinion, the financial statements for the year ended December 31, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law, intercantonal agreements and the articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

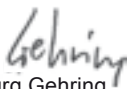
In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte SA



Annik Jatton Hüni
Licensed Audit Expert
Auditor in Charge



Jürg Gehring
Licensed Audit Expert

Lausanne, March 25, 2014

Enclosures

- Financial statements (balance sheet, statement of income, statement of changes in equity, statement of cash flows and notes)



**Société de la Loterie
de la Suisse Romande**

13, rue Marterey

Case postale 6744 • CH-1002 Lausanne

Tél. + 41 21 348 13 13 • Fax + 41 21 348 13 14

info@loro.ch • www.loro.ch

