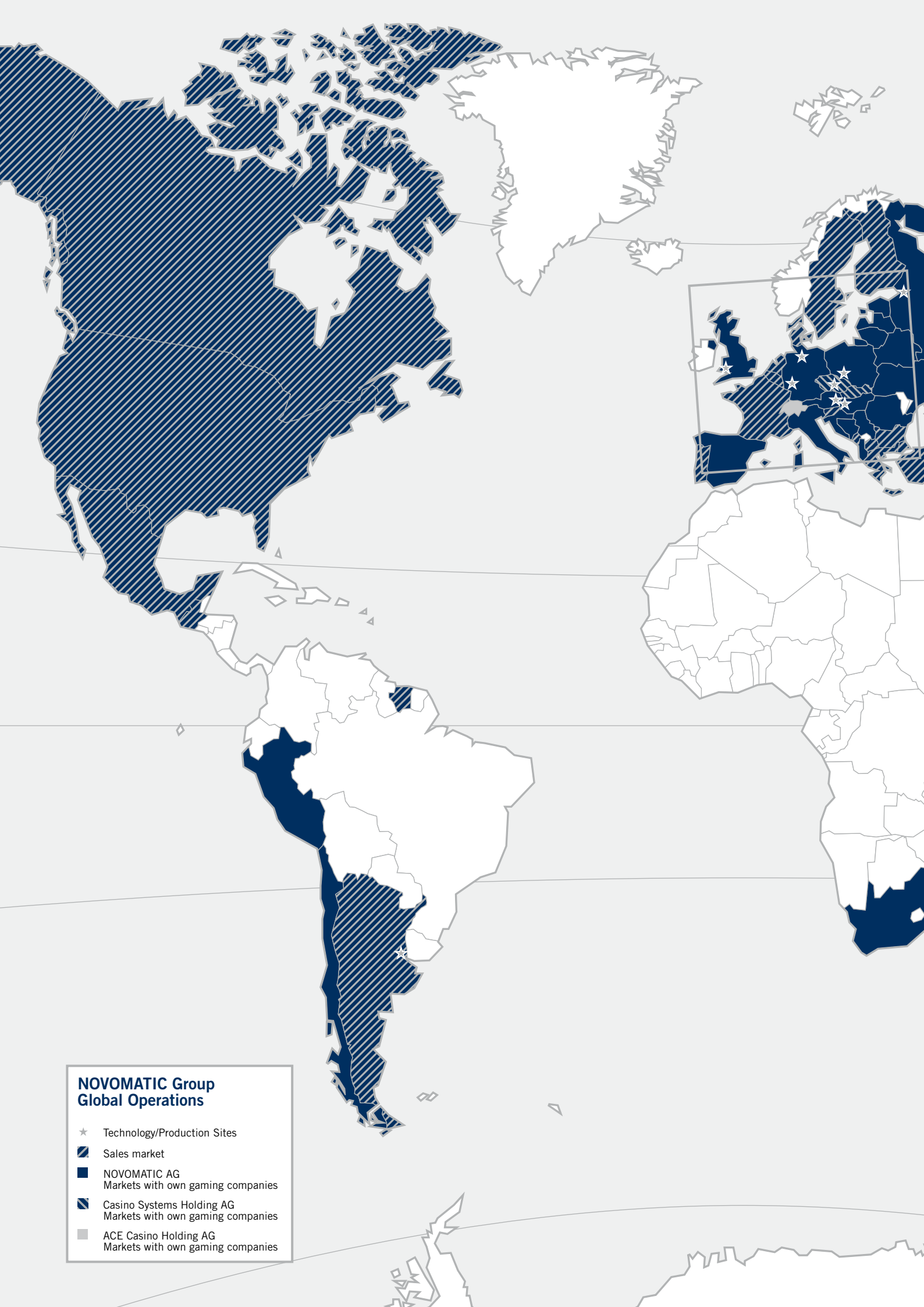


# NOVOMATIC AG

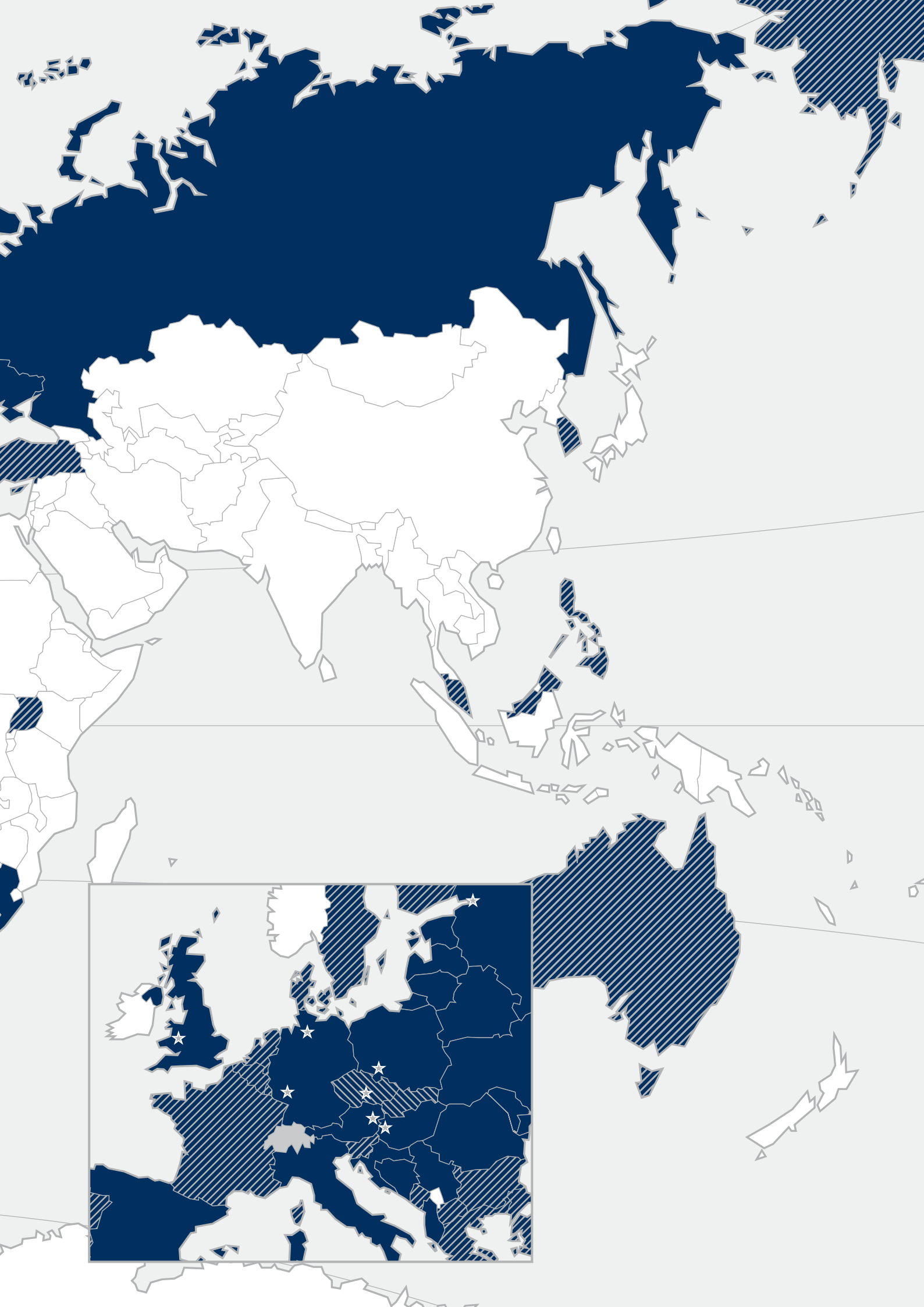


**NOVOMATIC AG**



## NOVOMATIC Group Global Operations

- ★ Technology/Production Sites
- ▨ Sales market
- NOVOMATIC AG  
Markets with own gaming companies
- ▩ Casino Systems Holding AG  
Markets with own gaming companies
- ACE Casino Holding AG  
Markets with own gaming companies



# Organizational Chart



# Contents

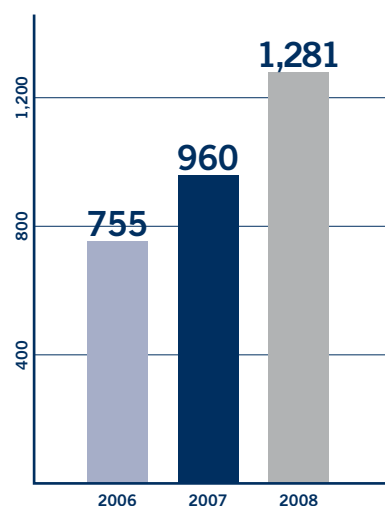
World map of NOVOMATIC Group .....	4	Management Report .....	84
Organizational Chart of the NOVOMATIC Group of Companies...	6	Consolidated Balance Sheets .....	98
Contents .....	7	Consolidated Profit and Loss Statement .....	99
Key Figures of NOVOMATIC AG (Group) .....	8	Consolidated Financial Statements .....	102
Foreword from the Founder and Majority Shareholder .....	10	Audit Opinion for Consolidated Financial Statement .....	163
Foreword from the Board of Directors .....	12	Balance Sheet of NOVOMATIC AG .....	166
The World of NOVOMATIC .....	14	Profit and Loss Account .....	168
The Strategy .....	18	Auditor's Report .....	170
Gaming Machines .....	20	Report of the Supervisory Board of NOVOMATIC AG .....	171
Research & Development .....	22		
Production .....	24		
Sales .....	26		
Casinos, Electronic Casinos and Sports Betting .....	28		
Employees .....	32		
Regulated Markets .....	34		
Social Responsibility – our Corporate Social Responsibility ..	36		
We Take Responsibility .....	40		
We Look for a Dialogue .....	44		
Responsible Gaming .....	48		
Our Employees .....	56		
Our Ecological Responsibility .....	60		
Corporate Governance .....	68		
Sustainable Business .....	72		
Social Responsibility .....	76		
Glossary .....	80		
Feedback .....	81		

# NOVON

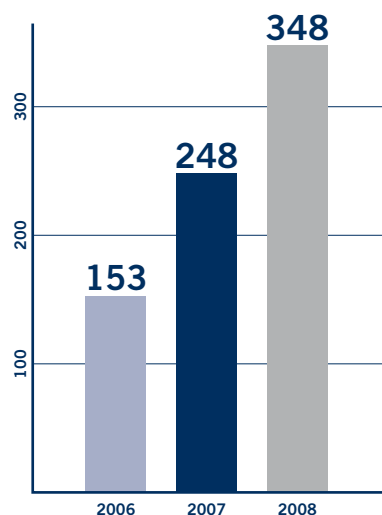
## GROUP OF CO

## Corporate Key Figures

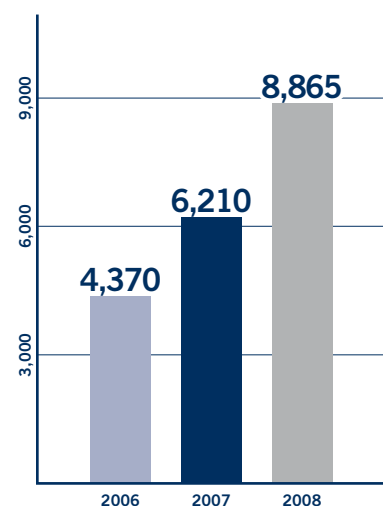
Sales revenue NOVOMATIC AG  
(in million EUR)



Results from ordinary bus. oper.  
NOVOMATIC AG (in million EUR)



Employees NOVOMATIC AG  
(annual average)





#### Consolidated Profit and Loss Statement (in million EUR)\*

	2008	2007	2006
Sales revenue	1,281.3	960.2	754.6
EBITDA	492.7	329.3	199.3
EBITDA margin (EBITDA/sales) in %	38.5	34.3	26.4
Earnings before interest and taxes (EBIT)	353.0	250.6	156.2
EBIT margin (EBIT/sales) in %	27.5	26.1	20.7
Results from ordinary business operations before taxes	348.1	248.2	152.8
Consolidated annual profit after taxes	242.9	182.7	113.6

#### Consolidated Balance Sheet (in million EUR)\*

	2008	2007	2006
Balance sheet total	1,376.4	917.9	622.8
Equity capital	625.0	434.2	286.1
Equity ratio (Equity capital/total assets) in %	45.4	47.3	45.9
Annual average number of employees	8,865	6,210	4,370

\*) Source: Annual Statement on 12/31/2006, 12/31/2007 and 12/31/2008 as per IFRS

# Foreword from the Founder and Majority Shareholder

Dear Ladies and Gentlemen,

In fiscal year 2008, NOVOMATIC AG had the best results in the history of the company and thereby continued along its successful path. Hence, the NOVOMATIC Group was able to not only solidify its position as the clear number one in Europe and one of the largest integrated gaming groups in the world, but it has once again clearly strengthened this position.

As the leading high-tech developer of gaming equipment as well as the supplier of high-quality gaming and sports betting services, our strategy of building on organic, sustainable and responsible growth has once again been proven to be correct. Making sure we have satisfied customers and guests in the premium segment of the entertainment industry especially in economically difficult times through our technological edge corresponds to our successful business philosophy as much as the consistently pursued goal of offering products, services and gaming facilities in strictly regulated markets with clear regulatory and legal conditions without exception.

In order to secure our position as the leading technology enterprise in Austria, important parts of the new centre for research and development at our headquarters in Gumpoldskirchen were put into operation at the beginning of the year, including the new administration building. This represents a total investment of 90 million euro.

This investment is a commitment by the global NOVOMATIC Group of Companies to Austria as a location where we already have a workforce of more than 2,500 employees. This allows me to look into the future confidently in spite of the economic headwind.

Despite of the financial and economic crisis, there are still many thrilling challenges and opportunities in a dynamic market like the worldwide gaming industry. The future of our industry segment has long since started at NOVOMATIC with developments like server-based games and downloadable gaming as well as with a new third pillar as a content provider for Internet and



telecommunications providers in regulated markets. Meanwhile, more than 14,000 employees around the world know that only an unconditional commitment to quality, creativity and innovation will decide our success in the long term.

This is because the most important decisions made in the company always have to do with people. There is no business idea that is so good, or a top notch product that is as important as outstanding managers – proof of this was provided by a high-ranking jury that recently voted the CEO of NOVOMATIC AG, Dr. Franz Wohlfahrt, to be the best manager in Austria for the “Business People” business magazine.

Therefore, I am convinced that we can look ahead full of confidence, not least because of the most valuable capital of the NOVOMATIC family – its employees – who prove this in an impressive way every day with their skills and abilities.

**Professor Johann F. Graf**

Founder and majority shareholder

# Foreword from the Board of Directors

Esteemed customers and business friends,

In its 28th year of existence, the NOVOMATIC Group has once again managed to significantly surpass what was already a favorable result in the previous fiscal year, 2007. As a global player in the gaming industry, the NOVOMATIC Group of Companies – led by the Group holding company, NOVOMATIC AG, with headquarters in the Lower Austrian town of Gumpoldskirchen, as well as ACE Casino Holding AG and C.S.C. Casino Systems Holding AG – have continued their dynamic growth of the past few years. The consolidated Group's revenues grew to 2.5 billion euro. For the first time, the Group has been able to manufacture more than 100,000 gaming machines within one fiscal year.

The NOVOMATIC Group uses its position as the highest-earning Austrian gaming company by far to invest the profits it earns around the world into its headquarters in Austria, and thereby effectively securing valuable jobs for the long term even in economically difficult times.

The gaming sector too, is affected by the consequences of the financial and economic crisis, although the extent of that effect cannot be estimated exactly at this time. It is certain that casinos around the world are being more reserved in the short term regarding the acquisition of new products. Even the operating side of the business is being adversely affected by the noticeable loss of the guests' spending power.

However, NOVOMATIC is well equipped for this difficult phase. The construction of a modern center for research and development at the location of the Group's headquarters in Gumpoldskirchen, south of Vienna, has proven to be a good countercyclical investment. With this investment, we are not only securing jobs at our headquarters, but also strengthening one of the main pillars of our technology firm – the innovative power for building state-of-the-art gaming machines. However, our second important pillar, our operational activities, will prove itself to be successful with more than 800 electronic casinos, casino operations, and modern entertainment centres around the world. Besides an ambitious investment program, we have taken the necessary



Dr. Franz Wohlfahrt

DI Ryszard Presch

Mag. Peter Stein

measures to emerge from the economic downturn with even more readiness to work and refreshed creativity. This strategy will be fully backed by the driving force of the Group – by the industrialist Prof. Johann F. Graf, founder and majority shareholder of the NOVOMATIC Group, who was voted „Man of the Year“ by the business magazine „trend“ in January 2009 for his entrepreneurial merits.

The brand of the innovative industrial NOVOMATIC Group has secured ninth place among Austria's top ten brands with a brand value of 1.69 billion euro. NOVOMATIC is one of the best employers in Austria. We thank primarily to our employees around the world. They make a decisive contribution to our international success.

We as NOVOMATIC know that successful and sustainable business is only possible in a society with social values and solidarity. Therefore, you will find our diverse activities in the Corporate Social Responsibility chapters. Our social responsibility, especially so in the area of Responsible Gaming, make a substantial part of this annual report.

Gumpoldskirchen, April 2009

A blue ink signature, appearing to read 'F. Wohlfahrt', written in a cursive style.

**Dr. Franz Wohlfahrt**  
CEO

A blue ink signature, appearing to read 'R. Presch', written in a cursive style.

**KR DI Ryszard Presch**  
COO

A blue ink signature, appearing to read 'P. Stein', written in a cursive style.

**Mag. Peter Stein**  
CFO



# The World of **NOVOMATIC**



The NOVOMATIC Group is a globally operating group of companies, one of the largest integrated gaming companies in the world and the undisputed number one in Europe. The core of the NOVOMATIC Group is the Austrian based NOVOMATIC AG with its headquarters located in Gumpoldskirchen, Lower Austria.

As a manufacturer, the NOVOMATIC Group with its various business units covers the entire spectrum of the gaming market. It develops, manufactures, and markets high-tech gaming equipment and innovative systems solutions. NOVOMATIC, in its proprietary gaming operations, and also via rental models, operates more than 105,000 gaming machines in over 800 electronic casinos, casino operations and sports betting outlets worldwide.

### **More than 105,000 gaming machines are operated in over 800 gaming facilities**

The NOVOMATIC subsidiary, Austrian Gaming Industries GmbH (AGI), is the world market leader in the area of interactive live games and multi-player systems. It has also, for many years, been in the production of ultramodern gaming machines. The basis for the worldwide success of NOVOMATIC products is an R&D investment rate that is traditionally well above the industry average, as evidenced by an impressive array of more than 800 intellectual property rights such as trademarks, patents and designs.

This innovation edge is acquired in seven networked competence centers in the United Kingdom, Germany, the Czech Republic, Hungary and Poland, all of which are closely connected with the NOVOMATIC AG headquarters in Austria, where the Group's R&D activities are based. This R&D location at the headquarters is currently undergoing massive expansion through the investment of 90 million euro in the construction of a new center for research and development that commenced in March 2008. Production, which used to be distributed across several plants, was consolidated at the beginning of 2009 in the new plant halls. The entire complex, including the new administration center, will be completed during the autumn of 2009.

The technology leadership and the progressive competence centers have enabled the Group to continuously launch innovative products that do justice to the slogan "NOVOMATIC leads, others follow". These products are sold by subsidiaries in 22 countries and exported to 62 countries worldwide.

### **Innovative technology, new ways of development and design, excellent market know-how**

The success formula, being one of the world's leading integrated gaming groups and clear number one in Europe, is primarily based on the knowledge and creativity of our employees as well as on the driving force of the company's founder and majority shareholder, the industrialist Prof. Johann F. Graf.



Whether through the combination of innovative technological solutions, new approaches to development and game design and superb market knowledge, the NOVOMATIC range of products have convinced customers ever since the founding of the company in 1980, as well as visitors to the casino operations, electronic casinos and sports betting companies operated by the Group have been attracted by NOVOMATIC's unsurpassed reputation and experience in gaming entertainment. Particularly high importance is attributed there to an excellent service in addition to an innovative range of gaming machines.

### As a manufacturer, NOVOMATIC offers one of the broadest product ranges in the industry.

The business segments in which the Group has been active worldwide have experienced continuous growth over the past few years. Revenue growth has been clearly above the average expansion rate in casino operations, electronic casinos and the sports betting segment alike.

As a manufacturer, NOVOMATIC has also benefited from the undiminished trend shift from live gaming towards electronic gaming as well as from offering the broadest product range in the industry: traditional and video slot machines, video poker machines, amusement with prize machines (AWP) (alternatively known as LPM, Limited Payout Machines) and interactive live games right up to multi-player systems, Video Lottery Terminals (VLTs), downloadable games and betting terminals.

This technical development is driven not least by the Group's dual role in the market as a manufacturer and operator of highly innovative gaming equipment and state-of-the-art game design on the one hand, and as an operator of casino operations, electronic casinos and sports betting outlets on the other hand: This two-pronged business strategy has proven to be a key advantage over competitors as it allows quick reactions to the ever-changing market needs of both lines of business.

Experience and observations requirements gained from the Group's own operating activities flow directly into NOVOMATIC's own research and development work and provide invaluable input for innovative developments and new product trends. All new product developments must therefore pass field testing in the Group's own gaming facilities before they can be officially approved for sale.

### The core markets, the competitive edge from the duality as a manufacturer and operator

Besides the member states of the European Union, the core markets of the Group include in particular the markets of Central, Eastern, and Southeast Europe, where thanks to a very early market entry, NOVOMATIC has already established an excellent market position. However, markets with growth perspectives that are more favorable in the long term, like Asia and Latin America, offer interesting future development possibilities.



The NOVOMATIC Group has already implemented the technology trends of the future, such as network systems and server-based gaming, and integrated them promptly into the product range as a pioneer of the international gaming industry. Besides the manufacture of gaming equipment as well as the operation of casino operations and electronic casinos, the Group now has developed a third business segment. As a content provider for Internet and telecommunications providers in regulated markets, the Group will be able to generate additional revenues in economically difficult times.

### Increased future strategic partnerships in the telecommunications and TV sectors

Besides the development of gaming content for iTV platforms, the Group is also striving to increase partnerships in the area digital television with partners from the telecommunications or TV sectors, if permitted by the respective local legal conditions. All of these activities are based on the principle of offering products and gaming facilities exclusively in regulated markets with clear regulatory and legal conditions.

Thus NOVOMATIC has repeatedly consciously refrained from activities in lucrative growth markets, such as gaming and sports betting on the Internet, as long as the necessary legal operating environment has not been put in place. This is a conscious and voluntary self-restriction in order not to jeopardize existing licenses around the world.



### The important area of Responsible Gaming is being further expanded and improved

In the area of Responsible Gaming, at the scientific and therapeutic level, NOVOMATIC relies on its collaboration with well-known institutions such as the Anton Proksch Institute for example, which is the largest detox center in Europe and researches the diverse dimensions of addiction. One of the training programs developed for employees by the Interdisciplinary Addiction Research Group Berlin (ISFB) in the area of early detection and prevention of gambling addiction has already set new standards in player protection and is undergoing constant further development and refinement.

The Responsible Gaming package of measures is complemented by the prevention and intervention system called "Gambling Addiction and Player Protection" ([www.gluecksspielsucht.at](http://www.gluecksspielsucht.at)) as well as cooperations with regional and charitable self-help groups such as Gambling Addiction Help in Vienna, Gamblers Anonymous in Salzburg, as well as a telephone helpline in cooperation with the Medical University/AKH of Vienna.



# The Strategy

NOVOMATIC AG is a globally operating, integrated gaming company, whose orientation as a manufacturer of gaming equipment and an operator of more than 800 gaming facilities is based on continuous, controlled, sustainable, and responsible growth. The Group offers its products, gaming services and gaming facilities only in strictly regulated markets with a clear legal and regulatory operating environment.

The Group is determined to consistently continue its strategy in the coming years. Its core markets, in addition to the member countries of the European Union, include the markets of Central, Eastern, and Southeast Europe, where thanks to a very early market entry, NOVOMATIC has already established a superb market position.

## Competitive edge through duality as a manufacturer and operator

However, markets with growth perspectives that are more favorable in the long term like Asia and in particular Latin America offer interesting development possibilities.

A central element of the future perspective of the Group is its position as a trendsetter in the research and development of state-of-the-art gaming equipment with a high level of innovation. The Group will continue to expand its competitive edge based on its dual role as a manufacturer and operator as well as on the seven R&D competence centers that are closely interlinked with the Group's headquarters, through the construction of a new R&D Center at headquarters in Gumpoldskirchen, Lower Austria.

## Future key technology issues already recognised and integrated at an early stage

The NOVOMATIC Group has already implemented technology trends of the future, such as network systems and server-based gaming, and integrated them promptly into the product range thus becoming a pioneer of the gaming industry. Besides the manufacture of gaming equipment as well as the operation of casinos and electronic casinos, the Group has now developed a third business segment. As a content provider for Internet and telecommunications providers in regulated markets, NOVOMATIC is able to generate additional revenues in economically difficult times.



Besides the development of gaming content for iTV platforms, the Group is also striving to increase strategic partnerships in the future in the area of digital television with partners from the telecommunications or TV sectors, if permitted by the respective local legal conditions.

NOVOMATIC also aims to develop new business segments in the future – for example, by offering cross-border gaming services based on legal harmonization among member states of the European Union or by cooperating with state lotteries and betting providers.

### The area of Responsible Gaming will play an even more central role in the future

In addition to creative gaming ideas and further technological developments, dealing responsibly with gaming will become a major issue in the future. Therefore, in the area of Responsible Gaming, NOVOMATIC has developed one of Europe's most advanced concepts concerning the prevention of gaming addiction. This is being adapted to the respective local conditions and implemented in the individual countries in which gaming facilities are operated. It includes extensive information, cooperation with experts of recognized international addiction research institutes at university level, a national helpline, as well as a densely woven expert network of charitable self-help groups.



# Gaming Machines

The NOVOMATIC subsidiary, Austrian Gaming Industries GmbH (AGI), is the manufacturing figurehead of the group and the world's market leader in the area of interactive live games and multi-player systems. It has also been the undisputed technology leader for many years in the production of progressive and innovative gaming machines. All new developments run through intensive test runs in the Group's casino operations and electronic casinos prior to market launch. This guarantees that only technically mature developments that have already proven to be accepted by the guest reach the market.

## **The Super-V+ Gaminator® turns out to be a top casino product with a superb design**

The Super V+ Gaminator® has become the new star of the AGI, cabinet range is ideally designed for Coolfire™ II multi-games and represents the new standard cabinet for the Group's

international markets. The Super-V+ Gaminator® was developed for premium performance and features state-of-the-art video gaming technology. The Super-V+ Gaminator® offers three panoramic TFT screens as well as multi-denomination and multi-language options. Sophisticated style and the top quality turn this cabinet into a top casino machine for maximum attraction and outstanding performance.

Also outstandingly well received is the new Novo-Vision™ Slant Top I. It combines the benefits of the classical Slant Top with the intense gaming experience on two extra-wide panoramic monitors with in a 16:10 screen format. The bottom 22-inch screen and 26-inch top screen guarantee gripping high-resolution graphics, opening up new player perspectives. With this Slant Top, AGI is presenting the innovative Flip-Screen Feature for the first time, which allows the guest to switch his main game from the bottom



screen to the top screen. Thus the Novo-Vision™ Slant Top I enables the guest to play in his ergonomically perfect position.

### The new and highly innovative multi-player platform Novo Unity™ II was presented

The multi-player product range, in which NOVOMATIC has been a pioneer and undisputed world market leader for years, has also been expanded. The Novo TouchBet® Live Blackjack and the new TX01, a fully automatic multi-player Poker table, were presented for the first time. NOVO TouchBet® Live Blackjack as well as Novo Texas Hold'em Poker™ are the first products to now be based on the new, innovative Novo Unity™ II multi-player platform. Also the popular and internationally leading multi-player roulette products were presented with new features for the new platform.

The Flexi-Link™ Jackpot System from the Australian manufacturer Independent Gaming Pty Ltd. proved to be another highly interesting product from the 2008 range. It is distributed by AGI in the EU markets as part of a strategic alliance. Flexi-Link™ is an ultramodern, linked computer jackpot system. Through multi-level mystery jackpots, which are constantly visualized by a display of the maximum wins of the next possible jackpot, it ensures the greatest possible attention and excitement for the casino guests. In addition, in 2008, AGI presented the first of a new series of new jackpot themes, made by AGI.

A number of product innovations were also seen from various subsidiaries of AGI, for example Astra Games, the leading British manufacturer of gaming equipment, which is part of the Group through the AGI subsidiary Novo Gaming UK. Astra develops innovative products that are specifically tailored to the British market as well as to eleven export markets such as Germany, the Netherlands and Spain.

### Outstanding success in Germany through fast adaptation of the product range

The subsidiary NSM-LÖWEN Entertainment GmbH in Germany was able to tremendously increase the number of rented gaming machines through a fast adaptation of the product range with the extremely successful NOVO LINE™ series, and became the market leader in that market segment in just two years.

Finally, the second German AGI subsidiary, Crown Technologies GmbH, was able to create a new flair in the German commercial gaming market (AWP) primarily with the recently launched Admiral Crown Slant Top rental machine.



# Research & Development

As an international trendsetter and innovator, NOVOMATIC AG has for many years invested amounts in research and development via its manufacturing subsidiary AGI that are consistently far above the average for the industry. The edge in design, development, production and marketing of highly innovative gaming equipment carved out by the eight internationally operating and internetworked competence centers of the Group, is to be secured and expanded further in the coming years as well. This also applies to the meanwhile more than 800 intellectual property rights such as trademarks, patents and designs.

## Adaptation of the offered games to the individual demands of the player

NOVOMATIC is a pioneer of the international gaming industry. The entire software as well as the hardware are developed and manufactured by the Group's subsidiaries. The special know-how of the developers is found in the technological configuration, in the game design, the game algorithms and the customized solutions for any market-specific requirement. Apart from the continuous development of attractive new games, multi-player innovations for card and dice games (Baccarat, Blackjack, Poker, Sic Bo etc.), the key issue of networking is becoming increasingly important. Online cash systems, information systems as well as networked video lottery and video network terminals are increasing in importance along with leading-edge ticketing technology, which are becoming more and more a standard equipment in gaming facilities.

Through central servers, the product mix in the future can be optimized in real time. This affects, for example, the adaptation of the games being offered to the individual requirements and demands of the players.

The function of networking is primarily for player security and protection against all sorts of manipulation. In addition, AGI is also working intensively on the development of new technologies in the remote gaming sector.

## Developed and mature technologies for the future are already available

Server-based gaming is increasingly developing into a trend in the industry. Finally, it is important to note that for the first time, there is a common PC-based standard for networking systems of machines from different manufacturers.

AGI is already a Gold Member of the Gaming Standards Association. Developed and mature technologies for entering into this market segment are already available for the moment when remaining unsolved issues concerning the protection of intellectual property will be settled.



# Production

The NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) places great emphasis on the quality of workmanship in the manufacturing process for its innovative gaming equipment. In addition to technologically mature research and development in eight interconnected competence centers all across Europe, the Group upholds this standard preemptively through highly qualified workers as well as in all subsequent production steps through a high degree of vertical integration.

Products bearing the NOVOMATIC brand distinguish themselves through a level of vertical integration of over 90 percent, which is far above the industry average. This means that nearly all the components for NOVOMATIC gaming machines are manufactured within the Group, which also means they are subject to continuous and very strict quality control.

## Maximum flexibility guaranteed

This high level of vertical integration ultimately guarantees NOVOMATIC customers maximum flexibility. Even for the production of small batches, we can address customer-specific requirements or changing conditions exactly and respond directly to them. Dependencies on suppliers are minimized.

The innovation edge was secured in 2008 by the construction of a new plant for research and development. It is now possible for production, which used to be spread over several plants, to be concentrated in a two-storey central building that

is 350 metres long and meets state-of-the-art requirements. The building, with a total investment volume of 90 million euro, was tackled in March 2008 and put into operation at the end of the year. For AGI, the investment represents a milestone in the company's history. All production processes now run based on the latest technological findings.

## Modern production sites will secure the technology edge in the long-term

A series of other production sites of the Group were expanded in 2008. This includes, for example, the expansion of the production capacities of the wiring harness factory of the AGI subsidiary AGI Hungaria Kft. close to Sopron, which was completed in spring 2008. The ground breaking ceremony for the construction of a new building complex to bring together the development, production and administration of the German AGI subsidiary Crown Technologies GmbH took place in Rellingen in Germany in November. AGI took over Crown in 2007 and it achieved an outstanding position with the newly introduced Admiral Crown Slant Top. The new headquarters of the British AGI subsidiary Astra Games that was opened in November 2007 is proving itself well as a new competence center with extensive research and development departments following the slogan of the overall Group, "NOVOMATIC leads, others follow".



# Sales

International sales of the entire product range are and will remain an important part of the success of NOVOMATIC. The Group's own sales system is based on three tried and proven pillars: the direct activities of the NOVOMATIC manufacturing companies, direct sales from Gumpoldskirchen and international Group subsidiaries, as well as regional distribution partners selected with the utmost care.

Also in the area of marketing and sales, NOVOMATIC, a company licensed to operate in diverse jurisdictions with strict controls and requirements, has uncompromising standards. It upholds the principle of selling its products only in regulated markets with a clear legal and regulatory environment.

Marketing and sales within the NOVOMATIC Group covers the sale of all the Group's products and services, which are exported to 62 countries worldwide. In 2008, Austrian Gaming Industries GmbH (AGI) again intensified sales, not least through a constantly growing presence at international trade shows.

In addition to the "International Casino Exhibition" (ICE 08) in London, which over the past few years has become firmly

established for the Group as the most important trade shows of the year, AGI made new and important international headway including in Asia where the company was represented for the first time in Manila in the Philippines, and also in Latin America, among other countries

## Involvement in the Spanish-speaking markets is on a course of expansion

Participation in trade shows in Latin America, for example the SAGSE in Buenos Aires, the capital city of Argentina, corresponds to our intention to intensively develop long-term sales activities in these growing markets where NOVOMATIC also sees development potential in the coming years.

An office was opened in Santiago de Chile in 2007, which has since been used to promote sales in the neighboring countries of South America. Our presence in the market in Peru also underwent very positive development in the reporting year. This was not least the result of AGI's activities at the Peru Gaming Show 2008 in August. The expansive involvement of the NOVOMATIC Group in the Spanish-speaking markets of



Latin America reached a peak in 2008 when the Monticello Grand Casino & Entertainment World opened on October 8th outside the Chilean capital city Santiago de Chile. Through its local subsidiary, NOVOMATIC AG took a 40 percent stake in the largest resort casino in Latin America through a joint venture with internationally acknowledged and well-known casino operators.

### Intensification of the sales activities will continue in a great variety of markets

International sales activities were continued with great success at the G2E 2008 in Las Vegas in November. Sales activities were also intensified in 2008 in Spain, where AGI has been represented with NOVOMATIC Gaming Spain S.A. since 2007 after extensive market research and numerous surveys of Spanish casino operators. Since entering the market, the company has had a series of product licensing, participations in trade shows, and product installations.

The sales force ultimately plays an important role in the fight against product piracy through its worldwide market knowledge. NOVOMATIC has had very successful activities in the past years to protect its intellectual property.



# Casino Operations, Electronic Casinos and Sports Betting

Today the NOVOMATIC Group operates over 800 electronic casinos and casino operations throughout the world. The number of gaming machines operated in its own gaming facilities as well as through rental models increased to more than 105,000 units in 2008.

The flagships of the NOVOMATIC Group, in addition to one of the leading casinos in Switzerland (in Mendrisio), include the leading casino in Germany (in Berlin) and the Czech Republic (in Haté) and also Europe's largest sports betting casino, the Casino Admiral in Vienna's Prater, as well as Admiral Sportwetten GmbH, Austria's sports betting company offering the most locations, with 182 outlets and a market share of more than 50 percent.

The NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) was also able to massively expand its position as the leading operator of electronic casinos and casino operations in the markets in Central, Eastern and Southeast Europe in 2008.

## **Market leader in Croatia as well as intensive expansion in Southeast Europe**

The AGI subsidiary Alfor SIA, which has operated with great success for many years in the Baltic States, already operates more than 5,000 gaming machines and has a workforce of more than 1,400 employees in electronic casinos in Latvia.

Alfor took over several dozen locations in 2009 through acquisitions. In neighboring Estonia, following a takeover there are now more than 30 gaming facilities in operation. In Hungary, the AGI subsidiary AGI American Games Kft operates ten electronic casinos. Rapid expansion was continued in Croatia in 2008. By the end of the year, the number of electronic casinos increased to 57 (2007: 35). This clearly gives AGI the position of a market leader in Croatia. In addition, live gaming has been offered in addition to machines since 2006 at Casino Admiral in Opatija, which was established in the historical Vila Madona.

## **New building not far from Bucharest Airport, Extra-Games Entertainment very successful**

Expansion was intensified in Southeast Europe. Through acquisitions the number of gaming facilities has increased in Rumania to more than 50. Altogether, more than 3,500 gaming machines are operated in Rumania in our own gaming facilities as well as through rental models. In addition, our local subsidiary celebrated the ground breaking ceremony for the construction of a new administration building including a service centre not far from Bucharest Airport in November 2008.

AGI has continued its successful market activities in Bosnia and Albania. AGI is now also represented in Serbia, Montenegro and Macedonia. Market development was continued intensively in the Ukraine.



There was expansive business development for Extra-Games Entertainment GmbH in Pfullendorf in the German federal state of Baden-Württemberg. The number of electronic casinos increased from 105 to 152 locations in 2008, and also numerous existing locations were modernized or expanded. The move to the new administration center in Pfullendorf/Theuerbach took place at the end of 2008.

A highlight of last fiscal year was the opening of the Monticello Grand Casino & Entertainment World on October 8th in San Francisco de Mostazal, south of the Chilean capital city Santiago de Chile. Through its local subsidiary, NOVOMATIC AG took a 40 percent stake in the largest resort casino in Latin America through a joint venture with internationally acknowledged and well-known casino operators (Sun International, IGGR as well as the private gaming entrepreneur Rudolf Binder).

### **The entire complex of the Monticello Grand Casino & Entertainment World will go into operation this year**

Monticello Grand Casino & Entertainment World, part of which was opened in the first phase of construction, offers 1,500 gaming machines, 80 live tables, as well as a bingo installation for 300 guests in the casino complex that covers a total of 15,000 square meters. The entire complex, with a five-star hotel, conference center as well as shopping and entertainment facilities, is slated to go into operation at the end of 2009.

Involvement in international casino operations developed satisfactorily in 2008 in spite of a difficult environment, for example through the introduction of a strict ban on smoking in different countries. The Group comprises, for example, the Swiss casino operations in Mendrisio, Locarno and Bad Ragaz, the Casino Admiral Colosseum in Haté, which is the leading casino operation in the Czech Republic, and also Germany's leading casino operation in Berlin in which NOVOMATIC's majority shareholder Prof. Johann F. Graf is the largest single shareholder. Together with the "Deutsche Sporthilfe" foundation, the NOVOMATIC Group operates four other casinos in Germany.

### **The EURO 2008 was one of the highlights for Admiral in the fiscal year 2008**

In Austria, one of the Group's most successful gaming facilities, the Casino Admiral Prater, which is also Europe's largest sports betting casino, expanded its range of gaming considerably in the fourth year after its opening.

Admiral Sportwetten GmbH, which has been a wholly-owned subsidiary of AGI since the end of 2007, increased the number of its outlets (including partner outlets) from 170 to 182 in the reporting period, which further strengthened its position as the leading sports betting provider in Austria. As another highlight in the reporting period, various activities were initiated in Switzerland and Austria during the European Soccer



Championship, the EURO 2008. The betting turnover of Admiral Sportwetten GmbH was 151.64 million euro in the fiscal year 2008.

As in the previous years, Admiral Sportwetten GmbH's main focus was on the revitalisation and technical modernization of existing outlets, which took place in 2008 both through construction measures as well as through the modernization of the media-related configuration of the outlets and in the IT systems.

### The Admiral Entertainment concept was implemented consistently in Lower Austria

The AGI subsidiary HTM Hotel und Tourismus Management GmbH (HTM) had a total of 76 outlets in Vienna in the reporting period, of which 32 also offered food services. Admiral Sportwetten GmbH is a sister company of HTM. 15 outlets were managed as Admiral Sportwetten locations without food services, and only gaming machines were operated in further 29 outlets. In all locations, gaming machines are operated within the scope of Austrian gaming regulations.

Through the introduction of state-regulated gaming in Lower Austria in 2006, the fiscal year was once again a year of expansion for HTM in Lower Austria due to consistent promotion of the Admiral Entertainment concept.

The number of outlets increased from 19 to 28 including 12 in the style of Admiral Entertainment with cafes as well as an additional 15 locations without cafes. HTM also operates a 4-star hotel, "Admiral am Kurpark", in the spa town of Baden near Vienna.

### Top service, countercyclical investments, and state-of-the-art gaming equipment

Wett Café Betriebsgesellschaft mbH as a wholly-owned subsidiary of HTM, operates 36 outlets in Styria where gaming machines are operated and Admiral Sports Betting is offered within the scope of Austrian gaming regulations. In the reporting period, Wett Café Betriebsgesellschaft mbH also managed to emulate the success of its parent company.

In order to counter the negative consequences of the financial and economic crisis on gaming as effectively as possible, the corporate group took various measures in good time including an increased range of services, countercyclical investments in the expansion of gaming facilities as well as investments in the latest gaming equipment.



# Employees

For NOVOMATIC AG, the employees form the basis for sustainable and long-term corporate success. With their creativity, service orientation and commitment, they make a vital contribution to the company's growth and prosperity.

The constant growth rates that are based on a conservative business strategy is also reflected in the development of the workforce. In 2008, there was an annual average of 8,865 employees in the NOVOMATIC Group (2007: 6,210 and 2006: 4,370). This included 727 employees working at the Group's headquarters in Gumpoldskirchen in Lower Austria.

## Continuous development and support are the central objectives of the human resources policy

The diverse skills of the employees are a central asset at NOVOMATIC AG. Mixed teams with different cultures, as well as gender-specific and gender-independent skills create a specific added value. This is also reflected in the personnel structure of our company. In Austria, the proportion of women is above average at 41.2 percent. The average age is 36.2 years and 3.8 percent are university graduates. 22.8 percent of the employees have foreign citizenship.

Continuous advancement and personnel development are a central objective of the personnel policy at NOVOMATIC AG. The creation of long-term and personal development

opportunities, the compatibility of career and family, as well as securing individual qualities are the most important challenges of the NOVOMATIC Group as one of the largest and most attractive employers in the region.

Human resources work at NOVOMATIC AG shall be designed to be even more strategic in the future. The additional diversification will be implemented efficiently with effective, intelligent personnel instruments as well as with strategic personnel development. The worldwide leading position as an integrated gaming firm is to be secured and expanded with the best personnel resources and personnel deployment.

## Central management of all fundamental personnel issues

In order to illustrate and meet the importance of the human capital, the HR department was restructured by creating a central personnel management that accommodates the concept of service even more strongly. Now, all fundamental personnel issues can be managed centrally.

More details and charts on the topic of human resources can be found in the sustainability section of this annual report.

검사합격필증	
제작등록번호	305319
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지
모델명	220V, 1.6A
규격	The Ming Dynasty
제작자	Novomatic
연락처(A/S)	031) 428-7564
검사일	2007. 11. 26
검사기관	한국전기전자시험연구원

카지노기구 검사합격필증	
제작등록번호	305320
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지
모델명	220V, 1.6A
규격	The Ming Dynasty
제작자	Novomatic
연락처(A/S)	031) 428-7564
검사일	2007. 11. 26
검사기관	한국전기전자시험연구원

검사합격필증	
제작등록번호	305324
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지
모델명	220V, 1.6A
규격	The Ming Dynasty
제작자	Novomatic
연락처(A/S)	031) 428-7564
검사일	2007. 11. 26
검사기관	한국전기전자시험연구원

카지노기구 검사합격필증	
제작등록번호	305325
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지
모델명	220V, 1.6A
규격	The Ming Dynasty
제작자	Novomatic
연락처(A/S)	031) 428-7564
검사일	2007. 11. 26
검사기관	한국전기전자시험연구원

검사합격필증	
제작등록번호	305326
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지
모델명	220V, 1.6A
규격	The Ming Dynasty
제작자	Novomatic
연락처(A/S)	031) 428-7564
검사일	2007. 11. 26
검사기관	한국전기전자시험연구원

카지노기구 검사합격필증	
제작등록번호	305330
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지
모델명	220V, 1.6A
규격	Mosquitozzz
제작자	Novomatic
연락처(A/S)	031) 428-7564
검사일	2007. 11. 26
검사기관	한국전기전자시험연구원

카지노기구 검사합격필증	
제작등록번호	305327
합격유효기간	2007. 11. 26. 부터 2010. 11. 25. 까지

# Regulated Markets

NOVOMATIC AG strictly adheres to the principle of offering products and gaming facilities only in regulated markets with a clear legal and regulatory operating environment. Hence, legal security is the highest-possible basic principle of the commercial actions of the entire group.

The worldwide gaming industry is still one of the most dynamic segments of the modern entertainment and leisure industry. Therefore NOVOMATIC is an advocate of social responsibility and strict legal regulations both at the national and international level.

In the single European market, gaming is still the only market segment for which there is no standard guideline. In addition, gaming remains excluded from the services guideline of the European Union. Accompanied by various findings of the European Court of Justice in the past few years, NOVOMATIC is promoting and advocating a rapid harmonization of European gaming law.

The objective must be a carefully controlled opening of markets with a limited number of providers, who will be able to obtain concessions for gaming services in transparent tendering procedures and in the process will be required to uphold the highest security standards.

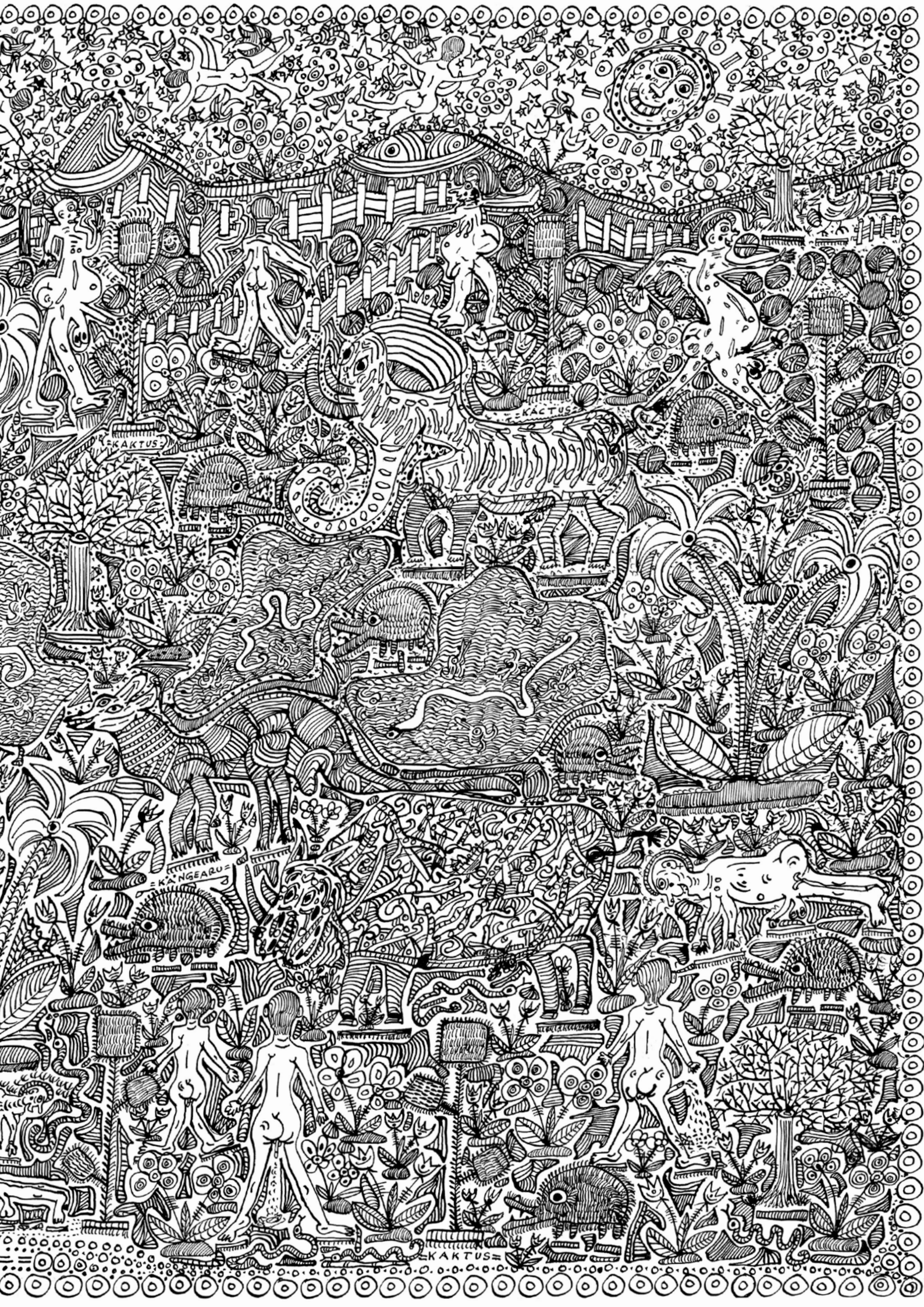
The national legal systems must therefore be adapted to the new conditions as quickly as possible. In the medium term, there will have to be a minimum level of harmonization at the EU level through separate gaming regulations, in order to use controlled deregulation to prevent billions in gaming revenues from flowing outside the EU, especially via the Internet. These European gaming regulations must guarantee high regulatory standards, above all in the area of standardized consumer protection.

## High standards of a future concessionaire

NOVOMATIC anticipates that the reform process in the European Union will still take several years and perceives the aspired limited market opening as an opportunity for further expansion. The Group is already fulfilling all the high standards that will be required of a future regulated concessionaire. As a positive side-effect, it could be possible for illegal gaming, like the proliferation in Austria in the area of gaming machines in various federal states without local state legislated regulations, to be curbed through standardised regulation. NOVOMATIC is convinced that this controlled market opening – combined with the necessary information campaign concerning the creditworthiness and seriousness of the providers and their services – will lead to extra tax revenues in the EU.



== DAS-PARADIES == GÄRBER-JOH. = 2001 ==





House of Artists, Gugging

## Esteemed readers,

*The NOVOMATIC Group has a tradition of embracing social responsibility. We are not only committed to our responsibility. Above all, we want to allow ourselves to be measured by our deeds. Therefore, for the first time, we have dedicated an extensive chapter in this annual report to the topic of sustainability. On the following pages, we document our social involvement and present projects and activities that are important to us and fulfill us with pride.*

*However, we also illustrate the challenges that our group of companies have faced in a great variety of areas.*

*Hence, this report serves us as an incentive for a lasting commitment and as a reminder that we must continue to develop our role in society in dialogue with our stakeholders in order to meet the expectations of our environment and our own high demands.*

*To us, socially responsible company management means that we want to be a reliable partner, not only to our customers and business partners, but to all those who are affected by our corporate actions.*

**Dr. Franz Wohlfahrt, CEO of NOVOMATIC AG**

## Working together like partners

Like a common thread, the aspect of taking a joint and partnership-like approach runs through all the effort we make to fulfill our social responsibility, independently of the social area that we are supporting. Whether it is in sports, a cultural or a social area, we consider it essential to put any cooperation onto a lasting, sustainable foundation that is beneficial to both sides.

A visible result of this commitment will be presented to you visually on the following pages. We are especially proud that artists from Gugging, whose works are on permanent display in the museum gugging, which we support as a cooperation partner and exclusive sponsor, thankfully have agreed to provide selected works to us to illustrate this section of the report.

The museum gugging is one of the world's most prestigious museums and is designed to be an exhibition venue for the Art Brut. It is part of the Art Brut Centre Gugging, the only active Art Brut facility in Austria and worldwide. The French artist and former wine merchant Jean Dubuffet describes Art Brut as original art that has a very personal and unpretentious style and often comes from non-professionals working outside esthetic norms. Popular art trends mean nothing to Art Brut artists. The Art Brut Centre Gugging is committed to this understanding. Opened in 2005, it is a center for multiplicity and diversity that combines different individual institutions under one roof.



Oswald Tschirtner



Johann Garber and Dr. Franz Wohlfahrt

The House of Artists must be mentioned above all. This brightly colored building, whose history goes back to the 1950s, is the starting point for the multifaceted happenings taking place on the premises today. Since 1981 it has been housing the Gugging Artists, people who have gained a worldwide reputation due to the high quality of their drawings, paintings, writings and objects. The best-known artists from Gugging include August Walla, Oswald Tschirtner and Johann Hauser. Currently, the house is lived in by Johann Garber, Heinrich Reisenbauer, Arnold Schmidt, Karl Vondal, Günther Schützenhöfer and Franz Kernbeis. In 1990 the Gugging artists were awarded the Oskar-Kokoschka-Prize, a significant Austrian award, for their contribution to contemporary art. Belonging to the Art Brut Centre, the House of Artists is the private living quarters of those who have their artistic home there.

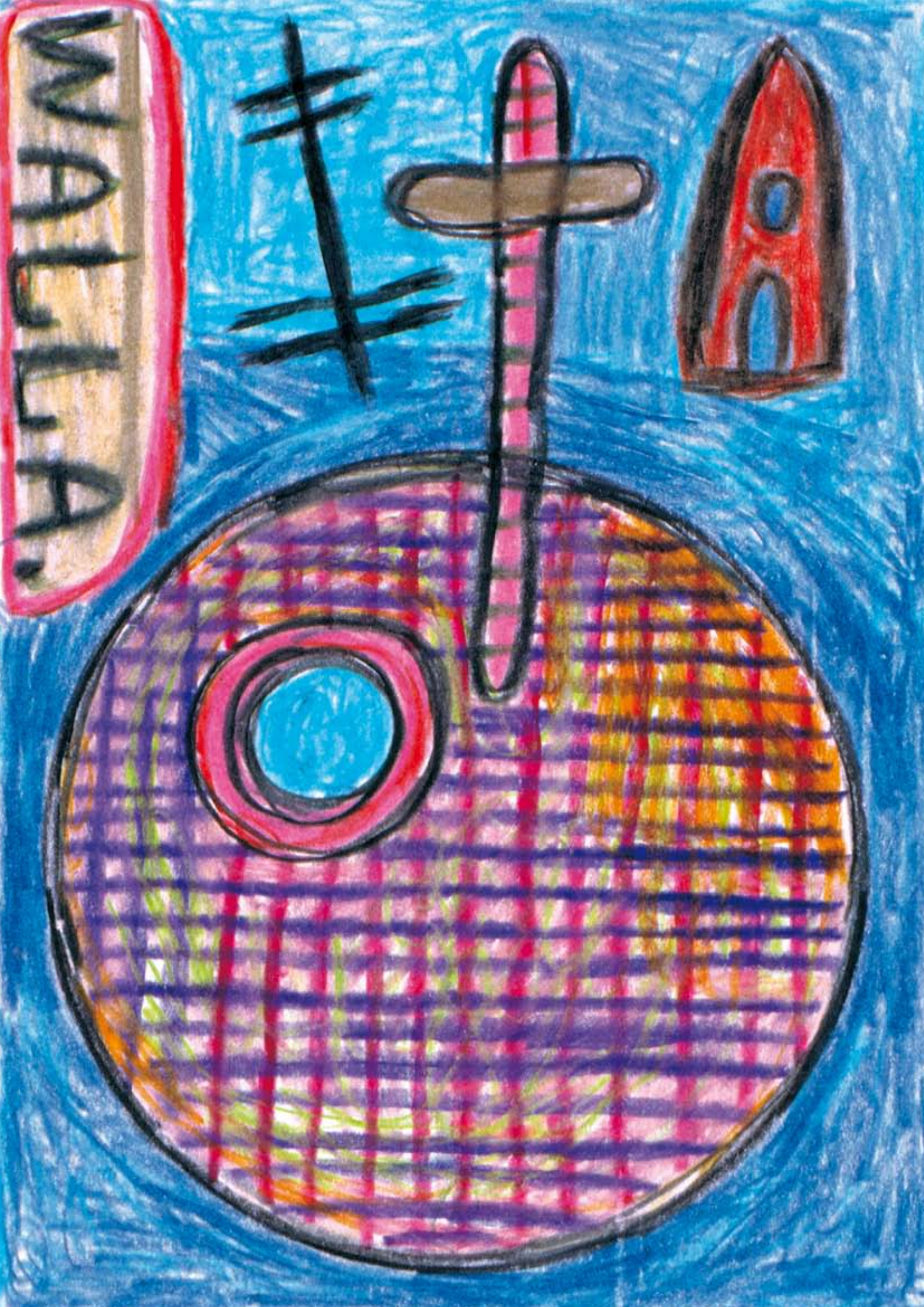
Picturesquely located on top of a hill in the Wienerwald (Vienna Woods) only 20 minutes away from Vienna, the museum is directly on the campus of I.S.T. Austria (Institute for Science and Technology Austria), which will be established there in June 2009.



*The thing that distinguishes NOVOMATIC as well as museum gugging is the innovative pioneer work being performed both locally and internationally. This accord and mutual respect are the foundation of this collaboration, which results in a pleasant and fruitful symbiosis for both partners.*

*Once again NOVOMATIC is keeping up with its social responsibility. I hope that this exemplary attitude can also be used by other companies and integrated into their corporate philosophies.*

Mag. Nina Katschnig, Management of the Gallery of Artists in Gugging



# We Take Responsibility

The challenges resulting from the business activities of the Group are as diverse as the divisions of the NOVOMATIC Group itself. We are therefore striving to tackle these challenges with a complete sense of responsibility.

The motivation of our employees, the satisfaction and security of our customers, the trusting relationships to our business partners, the goodwill of the local communities, and thereby ultimately our corporate success is dependent on how we live out our responsibility.

## Responsibility at all levels

It is NOVOMATIC's standard to firmly anchor and live out a responsible corporate culture at all levels of the hierarchy and at all stages of the value creation chain. The Group's management is committed to this and encourages all employees to act responsibly in their fields of activity. Setting up a staff position for CSR and Responsible Gaming underscores the value of corporate responsibility to the Group.

## The challenge of responsible gaming

The central challenge of NOVOMATIC is to operate transparently and responsibly in the sensitive gaming sector. The Group structure of NOVOMATIC as an integrated gaming company – both as a manufacturer of gaming machines and gaming equipment as well as an operator of gaming facilities – provides an unique opportunity to live out responsible actions

all along the entire value creation chain and to develop trend-setting solutions from this in how to deal with the topic of gaming addiction. It is our goal to create safe conditions to make sure that the fun of playing can always be in the foreground.

## Operating transparently in a truly sensitive environment

The gaming sector demands particular transparency in all areas of business. NOVOMATIC responds to this with comprehensive compliance rules and a commitment to markets with clear legal conditions.

## Responsibility to people

More than 14,000 employees in 22 countries are a solid pillar of our success. The satisfaction, security, and advancement of our employees is therefore a central concern.

We are striving to create a work environment in which the creative potential of our employees can unfold and their know-how can be constantly expanded through training. Our personnel structure should reflect the diversity and international orientation of the company. With the tradition of a family-run business, we make every effort to have a family-friendly working environment that meets the needs of the high percentage of women among our employees.



Johann Fischer, "The Caregiver", 1999

## Ecological challenges of a manufacturing company

NOVOMATIC is proud of its vertical integration of more than 90 percent of the gaming machines produced in the Group's own plants. That makes NOVOMATIC into a high-tech manufacturing company with all the ecological challenges associated with it. Environmental initiatives have already been implemented in some production sites. We would like to describe these initiatives to you in this report and use them as a role model ourselves for continued commitment. We have made it a goal to systematically record the diverse ecological interactions of our production processes and develop an environmental strategy based on it that can be applied in the long-term at all the Group's sites and to the entire product lifecycle.

## Social Responsibility

However, our responsibility doesn't end at the plant gates. We see ourselves as part of society. NOVOMATIC is an influential employer and an economic factor at its company locations. At the same time, the success of our company is based on a working social environment that is characterized by solidarity. Therefore, it is not only our moral duty, but it is also in our own interest to contribute to a functioning society. In particular, NOVOMATIC is involved in social and cultural facilities on a regional basis, both in Austria and internationally. This is all part of the civic involvement of the company that we would like to portray in this report.

## We will continue to develop

NOVOMATIC is presenting its corporate responsibility comprehensively for the first time in this sustainability report. In some areas, we can already show best practice examples; in other areas of the company, we are still at the beginning. Therefore, the Gumpoldskirchen location and selected examples from other locations and subsidiaries are presented primarily in this report.

It is our express goal to develop a comprehensive sustainability strategy for the entire group based on this. This report is an important step in that direction.



Laila Bachtar



Leonhard Fink



Room of August Walls



# We Look for a Dialogue



Cultural Association of Austrian Roma

As a company, NOVOMATIC is embedded in a social environment and cannot operate detached from it and be financially successful. Therefore, we look for a constant dialogue with our stakeholders.

Stakeholders are those groups that are directly or indirectly affected by our corporate actions and therefore have an interest in NOVOMATIC.

Maintaining the dialogue with our stakeholders is important to us in order to be able to deal with the social expectations of our company and be able to respond to social trends at an early stage. This is not least a contribution to circumspect risk management and a prerequisite for our success.



Press conference, "Austria plays tennis"

Of course our stakeholders include not only our employees, customers and business partners, as well as the communities at the Group's locations. Important stakeholders are those representatives of civil society who deal with the concerns of gaming addiction in associations or help facilities. Especially in economically difficult times when the state is cutting back more and more, industry is taking over this role increasingly and meeting its social and regulatory responsibility. This manifests itself, for example, in the support of help organizations and institutions that are dedicated to the concerns or gaming addiction and therapy.



CEE – Economic Forum Velden

We are aware of the fact that our business operations as a gaming company need this communication and dialogue to a considerable degree. Therefore, we look for an open and objective dialogue primarily with experts and help organizations in order not to operate detached from social expectations, thus we can reach solutions together with those who are affected and with experts.

For example, we took part in a conference of the Medical University of Vienna in Hinterbrühl in September of the reporting year on the topic of gaming addiction. We reported on the responsibility of the gaming industry and in particular on our innovative access system in Lower Austria called NOVOCARD™.

At the invitation of the Styrian Society for Addiction Issues, b.a.s. (regarding dependency and addiction), our CSR delegate took part in an exciting podium discussion during the Gaming Symposium and had discussions with political representatives, therapists and representatives of the industry under the title of "A joint solution".

For the seventh time, the EASG (European Association for the Study of Gaming) organized the "European Conference on Gaming Studies and Policy Issues" in Nova Gorica, a European association specialized in gaming studies. Under the motto "putting all the pieces together", we had discussions with internationally known experts and representatives of the industry on a great variety of aspects dealing with the topic

of gaming, such as protection of minors, player protection, online gaming, prevention of money laundering, gaming addiction prevention, and therapy for pathological gamblers.

An important Euro-political dialogue was held as part of the "European Forum Warsaw" in Stift Göttweig in July of the reporting year. During the course of the event called "New momentum for Europe", we were able to join the study group "Economic recovery through internationalization" and enter into a dialogue at the European level.

However, the Alpbach reform discussions were also on the agenda in 2008. Under the chair of our CEO, Dr. Christoph Matznetter, Dr. Reinhold Mitterlehner and other experts we discussed how the taxation system, for example with the help of a "flat tax" can be simplified and how taxation can affect innovation, creativity and corporate actions.

We were able to present the sustainability strategy of our Group in the area of employee education and further education to a noted international audience during the course of the "Vienna Economic Forum" event organized by Dr. Erhard Busek. Our presentation entitled "Corporate Responsibility in the field of Education" aroused great interest among the international conference participants.

These numerous possibilities of having dialogues are topped off by ongoing discussions with the Federal Economic



European Forum Alpbach



Vienna Economic Forum



ICE – International Casino Exhibition London

Chamber of Austria and Lower Austria, presentations at universities, and invitations to tour our company.

An established, annual part of our schedule was of course our participation in numerous international conferences and gaming fairs like the “International Casino Exhibition” in London or the “G2E” in Las Vegas, for example.

Ultimately, we consider it to be our duty to join the social discourse as a company and to help shape the environment in which we as a company operate in an open dialogue with social and political decision-makers. The acquisition of the former “Verkehrsbureau” building (now the NOVOMATIC Forum) supports our aim to intensify this dialogue even more in the future. In this site for encountering art and culture, we consciously initiate and promote numerous possibilities for dialogues and discussions.

In this report, we want to disclose our actions and values, communicate our goals, and invite our stakeholders to further develop them in a dialogue together with us.



# Responsible Gaming



## Mourning for Sabine Grüsser-Sinopoli †

### Addiction in Austria

The results of the recent study of the Anton-Proksch-Institute in Vienna-Kalksburg on "Addiction in Austria" (numbers rounded, only Austrians)

**1.3-1.6 million nicotine addicts**

**870,000 at risk of alcoholism\***

**600,000 with increased consumption habits**

**300,000 alcohol addicts**

**110,000-130,000 prescription drug addicts**

**60,000 at risk of online addiction**

**50,000 gaming addicts**

**20,000-30,000 narcotics addicts\*\***

\*) Austrians 16 and older, Austria has one of the worst rates in the EU.  
\*\*) mainly opiates

Source: <http://www.api.or.at>



The professor of addictive behavior and longstanding cooperation partner of NOVOMATIC, Prof. Sabine Grüsser-Sinopoli died very unexpectedly on January 3rd of the reporting year. The researcher, who was only 43 years old, made a name for herself as a medical psychologist for gaming, computer and internet addiction at the University of

Berlin. Just in October 2007, she moved to the University of Mainz where she started to establish a research centre for addictive behavior. Through her death, we have lost a valuable human being.



Prim. Univ. Prof. Dr. Michael Musalek

## Asked ...

*Everyone is at least indirectly affected.*

Addictions and their attendant symptoms are an omnipresent issue. We talked to Primarius University Professor Dr. Michael Musalek, medical head of the Anton-Proksch-Institute, Europe's most modern addiction clinic about this issue:

**How do you assess the relevance of addictions to all of society? Who is affected by it?**

*The relevance to all of society of addictions is high, because generally there are very many addicts. According to the latest studies, we have five percent alcoholics based on a point prevalence and eight percent based on a lifetime prevalence. There are around 1.3–1.6 million nicotine addicts. With a population of eight million, this is a major problem. Numerically speaking, drug addiction is a lesser problem with 25-35,000 persons, although that type of addiction is a very major problem for those who are affected.*

*Addiction never affects the addicts alone, but always his or her environment. We are speaking of a social phenomenon here. I would venture to maintain that in Austria, there is practically no one who is not affected by this issue at least indirectly.*

**From a medical perspective, when do you start referring to it as an addiction? Is addiction always related to a substance?**

*One speaks of addiction if specific criteria of dependence are met.*

*A particularly strong desire for an addictive substance is called a "craving". This results in a tolerance being developed, which has the consequence that more and more of an addictive substance is needed to have the same effect. Here is something else about a loss of control: It has the consequence that the consumption of the addictive substance can no longer be controlled. Bodily dependency means that the body reacts with withdrawal symptoms if the addictive substance is withdrawn. Physical dependence means that one takes the addictive substance even if one knows that one is harming oneself. Furthermore, if the addictive behavior becomes the centre of one's life and everything else is pushed into the background, then another relevant criteria for addiction is met. Then there is a very high likelihood of addictive behavior.*

*However, addiction is not always related to a substance.*

*One can also become addicted to a specific behavior, like shopping for example. One-quarter to one-third of the Austrian population can be classified as being at risk of addiction to shopping, according to estimates. Five to eight percent are highly at risk for shopping addiction or are addicted to shopping.*



Oswald Tschirtner "Flowers", 2002

*Gambling addiction is, according to the diagnosis criteria of the ICD-10 (International Classification of Diseases), still classified in the group of impulse control disorders and hence not diagnosed as an addiction. The last-mentioned criterion in particular – i.e. if gaming becomes the central purpose in life – is however especially relevant, because it is the only one that cannot be simulated: this means the affected person must do nothing else but gamble over years in order to be able to maintain afterwards that he is addicted to gambling.*

Based on your experience, what are the conditions for early detection of gaming addiction and what support do the affected parties need?

*There are only two ways for early detection: firstly by sensitization in the population and secondly by a certain degree of "social controls" in the gaming casino. Generally, one can say that gambling addiction practically never comes alone. Here, there are almost always other disorders called comorbidities like alcohol disease, depression and phobias that can be observed. Gambling addiction is mostly the comorbidity of other disorders.*

*This means, therefore, that the treatment of an addiction must never solely address the addictive behavior; rather an integrative treatment concept is needed. Otherwise, the patient would never have a chance to emerge from the basic disorder. The conclusion, therefore, is that it is not the addictive substance alone that creates the addiction, but the addition of other psychological disorders.*

The gaming industry takes the topic of gaming addiction very seriously and creates initiatives to protect players, like the NOVOCARD™ access control system, for example. How do you assess these initiatives with regard to their prevention potential?

*These measures are surely a very important step in the right direction.*

*Even if it is not possible to get the entire problem under control with one measure, the early detection of gaming addiction is helped quite considerably with this instrument. With it, it is possible to have a certain degree of monitoring of playing habits at gaming machines. Gambling always becomes especially problematic wherever it remains totally uncontrolled.*

Does this relieve individuals of taking responsibility for themselves?

*The individual can never be relieved of taking responsibility for him- or herself. The question, however, is not who is responsible for the illness and who is not. No addict made the choice to become an addict. We are always dealing with a long, multifactorial development. For all affected persons, it is necessary to know that an addict needs help, because he usually cannot find his way out of the addiction cycle himself.*

*However, if the affected person allows himself to be helped and accepts it, he naturally still has to take responsibility for himself in the treatment itself.*

Thank you for the interview.

Gaming as a service generally requires dealing with the issue in a highly sensitive way, and specifically with the possible negative influences of this recreational activity. Since the founding of our company, we have recognized that there are people who cannot deal responsibly with gaming. NOVOMATIC is also taking a pioneer role on a European comparison in the subject matter of responsible gaming with extensive and innovative measures of providing help for self-help. Addiction is a very relevant social problem that must not be ignored. It is therefore our express goal to protect gaming participants who are at risk in the best possible way, to prevent excessive gaming habits even in advance through special

preventative measures, and to ensure through an extensive competence network that people with problematic gaming behavior receive professional and unbureaucratic help.

### Best Practice in Lower Austria: NOVOCARD™

In cooperation with the scientific expertise of the Addiction Research & Addiction Therapy Department of the University Clinic for Psychiatry and Psychotherapy at the Medical University of Vienna (MUW), an innovative programme for the prevention of gaming addiction that is one-of-a-kind in Europe was implemented in terms of Section 6a of the Lower Austrian Gaming Machine Act. It is an electronic system that facilitates effective access control and thereby guarantees the protection of minors. Furthermore, it offers seamless monitoring of the gaming habits and registers the frequency and intensity of the gaming participation of a customer.

The objective of this innovative concept was to create a system for observation and accompanying support (by means of written informational and warning material) as well as flanking measures for player protection. This is in addition to the first ever obligatory legitimization and registration procedure in the machine area by means of an official picture ID.

#### How it works:

After obligatory registration and entering all the data in a centrally managed computer system that makes monitoring at all locations in Lower Austria possible, the gaming participant is given a personal membership card equipped with a chip, called the NOVOCARD™, that makes it possible to access all locations in Lower Austria.

It is only possible to enter the gaming area by getting past a turnstile equipped with a locking device that can only be unlocked by using the NOVOCARD™. Cards that are misused or lost are decoded.

#### Protection of minors

Generally, minors are not allowed to enter the localities and gaming machine salons. There is a clear notice to this effect in the entrance area, that persons under 18 years may not enter. If, however, contrary to expectations, someone under 18 years of age manages to get into the gaming salon, the staff are instructed to escort anyone whose legal age is in doubt out of the locality.

#### Player protection with the NOVOMATIC traffic light system

Due to the obligatory registration, identification of the customer is unequivocally guaranteed. Due to the central



Legitimation



Using the NOVOCARD™



Prof. Dr. Gabriele Fischer

electronic registration and storage of the number of days present as well as the length of stay, and the networking of all outlets in Lower Austria, it is possible to check the frequency of play. The playing frequency of the gaming participants is monitored as of the first time the NOVOCARD™ is used. They start in the green phase that indicates that there is no indication of problematic gaming habits. Players, who stand out because of the frequency and duration of their gaming participation are put into the yellow phase and are informed and warned by our employees of the dangers of existence-threatening gaming. If, in spite of this warning, the player does not change his or her gaming habits on that day, then he or she ends up in the red phase. A central access ban is imposed on that player, which makes a “cooling off phase” possible due to this blocked access. The length of the block increases with each recurrence.

Above and beyond the legal requirements, there is also the possibility for players to voluntarily forego access for a specific amount of time or permanently. This must be stated in writing at an outlet and is treated in the same way as an access ban imposed by the organiser.

*Since, so far, there have not been any standardized preliminary studies on this topic, and also no valid epidemiological study for Austria on the topic of the prevalence of “pathological gaming”, the measures presented here are a valuable contribution to quality assurance from the perspective of addiction therapy and research.*

**Prof. Dr. Gabriele Fischer, head of the drug clinic at the University Clinic for Psychiatry, Vienna**

This innovative access system, which can only be implemented in Lower Austria so far due to the legal conditions, provides protection for players and minors at the highest level and might be used all across Austria. The foundation for this, however, would be nation-wide, standardised regulation with mandatory measures for player protection for all market participants.

## Addiction Prevention and Player Protection

An essential element of our responsible gaming program is the measures for the early detection and prevention of gaming addiction. There are constant employee trainings in the area of early detection and prevention of gaming addiction on the basis of training designed by the Interdisciplinary Addiction Research Group Berlin (ISFB) (formerly Charité Berlin). When employment commences, there is an initial basic training, and then follow-up training and knowledge checks at regular intervals.

The availability of information flyers that point out free and anonymous consultation possibilities, which are available in six languages at each venue, is another important component of our programme. Extensive information as well as a test for self-reflection on one's own gaming habits is also available online at [www.gluecksspielsucht.at](http://www.gluecksspielsucht.at).

The establishment of a central hotline (0664 856 99 40) by the Addiction Research & Addiction Therapy Department of the Medical University/General Hospital of Vienna guarantees professional care and professional advice from trained personnel.

Our offensive for a nation-wide consultation and prevention network for gaming addiction prevention bore fruit in 2008. We are able to look back at successful collaboration with regional and charitable self-help groups such as Gambling Addiction Help Association Vienna, Gamblers Anonymous in Lower Austria and Salzburg (as well as other institutions in the future), therapeutic facilities such as the Anton-Proksch-Institute Vienna with competence centres in Baden and Wiener Neustadt, and research institutions like the Medical University of Vienna.

*The Gambling Help Association has now offered professional support (consultation and treatment) for pathological gamblers and their family members for 27 years. We are very thankful to NOVOMATIC for their understanding and efforts to actively support our work through financial support and interest. Without this help, it would not be possible to care for our clients.*

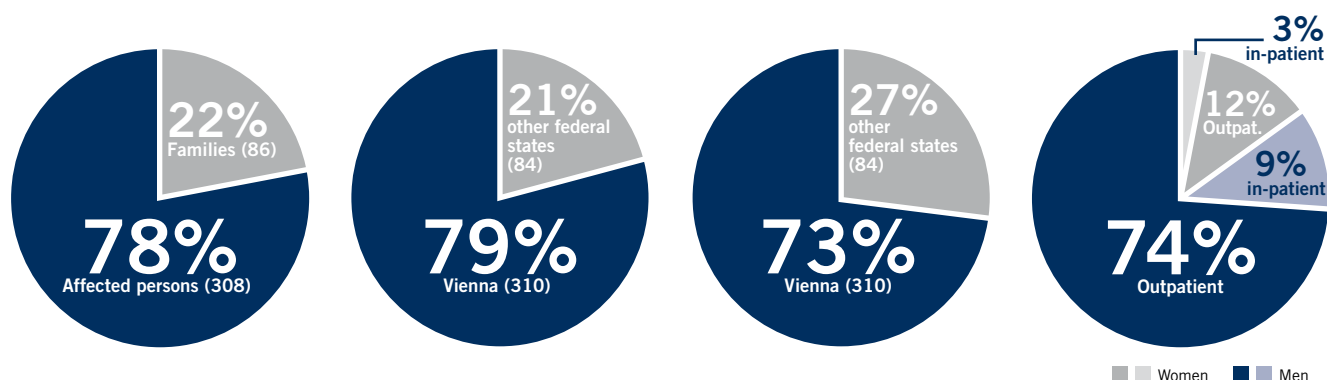
**Dr. Izabela Horodecki, Gambling Addiction Help Association Vienna**

## Results Report of the AKH Helpline (Observation time period 2007-2008)

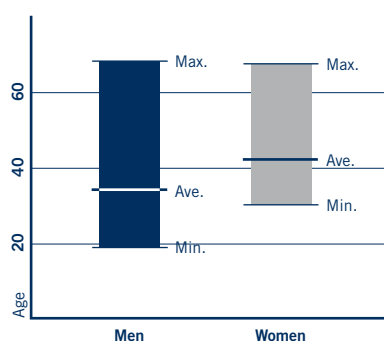
**Help line, first contacts:** 394 telephone contacts  
(2007-2008)

**Psychiatric check-ups:**  
91 outpatient  
assessments  
(ICD 10 F 63.0,  
DSM IV 312.30)

**Outpatients and in-patients:**  
66 patients with diagnosed  
pathological gambling  
F63.0 (N=66)



**Socio-demographic data of the patients**  
with diagnosed pathological gambling F63.0 (N=66)



**Comorbidities of the gambling addicted patients**  
For multiple comorbidities the following  
disorders were diagnosed:

**Affective disorders** such as depressive episodes

**Substance dependency**  
such as alcohol dependency, cocaine dependency

**Hebephrenia (schizophrenia)**

Schizoid and dissocial **personality disorders**

**Neurotic, somatoform disorders**  
like anxiety disorders or social phobias

## Conclusion for the Treatment of Gaming Addiction

Comorbidity is more the standard for gaming addiction, rather than an isolated phenomenon.

The dynamic process of the development and the maintenance of the gaming addiction (also in terms of relapse prevention) can only be countered with the appropriate treatment (also psychopharmacology) of the background problem (comorbidity).

Treatment of the comorbidity means noticeable physical and bodily relief for patients. It is the basis and an opportunity for promising gaming addiction therapy.

State-of-the-art treatment should take place within the framework of a multi-professional setting.

## Responsible Gaming in Markets Outside Austria

### Germany

An extensive social concept was developed in Germany that includes the following measures among others:

- Set-up of a helpline in cooperation with the Interdisciplinary Addiction Research Group Mainz
- Appointment of an addiction official per location
- Displaying information flyers
- Monitoring and clarification measures

### Croatia

In the second half of 2007, an extensive responsible gaming program was implemented in Croatia by the Croatian AGI subsidiary Novo Gaming d.o.o. It consists of the following measures:

- Cooperation with Dr. Zoran Zoricic, psychiatrist and expert in addiction illnesses in “Sestre Milosrdnice” hospital.
- Setup of a helpline: Under the toll-free telephone number 0800 7888, affected persons and family members can obtain information on the topic of gaming addiction and also contact addresses to consultation facilities. An average of three calls are taken per day.
- The founding of the “Club of Gambling Addicts” (KLOK) – a therapy group that meets for weekly therapy sessions. Since the founding of the first therapy group in September 2007 (“KLOK Rudez”), another group was founded in February 2008 (“KLOK Siget”) and a third group one month later (“KLOK” Savska”). Further expansion is planned.
- Display of information folders at all of our places of operation.

*If you would like to help an addict, you should not moralize, rather point out the depth of the problem, give him understanding and give him support and hope together with former gamblers and with the support of the Club of Gambling Addicts.*

Dr.sc. Zoran Zoricic

### UK

Our subsidiary ASTRA Games Ltd. made a financial contribution last fiscal year in the amount of 0.7 percent of their turnover to the “GamCare” organization.

“GamCare” is a non-profit organization that offers extensive support such as a helpline, online consultation called the “Netline”, an online forum as well as a chat room with a variety of information on the topic. All machines operated in the

UK are equipped with the logo of “GamCare”. The logo with the Internet address is also found in the software itself.

### Switzerland

A mandatory social concept is stipulated in Switzerland. Every casino must provide one employee who is responsible for the implementation and monitoring of compliance with the social concept.

Other measures include:

- Displaying information folders in the casinos, legally stipulated access system by means of ID check, cooperation with external experts for conducting employee training, access blocking possibilities (voluntary as well as imposed blocks), the possibility of signing “visitor agreements” in order to be able to get one step closer to controlled playing, as well as the use of special responsible gaming software called “REGATO” (Responsible Gaming Tool). It is used to prepare player-specific data for viewing by the regulatory authority.

### Latvia

Through our Latvian subsidiary ALFOR SIA, we are a supporting member of the Association of the Gaming Industry of Latvia (“Latvijas Spelu biznesa asociacija”, or ASBL) and contribute to a variety of responsible gaming projects being conducted in Latvia. Effective prevention measures are being taken by means of educational events and clarification campaigns in the Internet and especially in schools and also by displaying information folders on gaming addiction in our gaming premises.

### USA

Through the Gold Member membership of the Austrian Gaming Industries in the AGEM (Association of Gaming Equipment Manufacturers), facilities in the field of gaming addiction were supported such as the “National Council on Problem Gaming”, the “Nevada Council on Problem Gaming” and the “Problem Gambling Centre”.

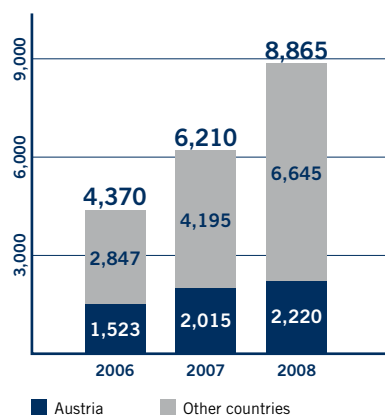
**It is our express goal to continuously expand the country-specific responsible gaming programs.**



Andy 11/11/12

# Our Employees

Average workforce



The NOVOMATIC Group thinks of itself as one big family in which teamwork and trust have the uppermost priority. Having an open dialogue with and between all employees facilitates a positive corporate culture in which problems can be addressed quickly and resolved.

In this connection, we revised our code of conduct in 2008. In it, we all commit to dealing with each other appreciatively and correctly both internally and externally.

## Recruiting

In order to continue recruiting highly qualified employees in the coming years, we have established targeted personnel marketing activities at the training schools that are of interest to us. We have restructured the application process in order to improve the service for both applicants as well as for managers and other internal contact partners. By introducing a new software tool, we want to intensify this path even more in the future.

We have designed a one-day orientation event for our new employees for the first time in the reporting year 2008. Due to our rapid growth, we would on the one hand like to simplify the orientation phase and provide direction, and on the other hand provide a platform for an interdisciplinary dialogue in technical and personal regards.

## Personnel Development

Obtaining and expanding the qualifications of our employees is of tremendous benefit to our company.

Therefore, our management is focussing a great deal of attention of the further development of the skills and abilities of all employees. The high qualification and above-average quality awareness of our employees will be actively supported by an ongoing education and advanced education program. Individual as well as group-specific programs will be offered. As a company, we rely heavily on the individual initiative of our employees. Together with their managers, they establish their training needs in a direct dialogue and define how to cover those needs in a partnership-like way.

We handle the training and advanced training of our employees essentially with the following three modules:

- Qualification network "Fit for Business Extended"
- Internal training program
- Participation in external training measures

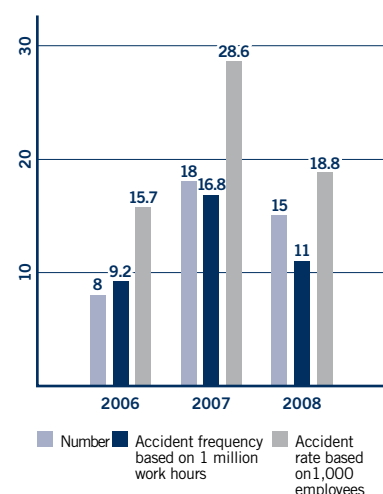
The qualification network "Fit for Business Extended" creates a common platform for 20 companies in the region for training and advanced training. The purpose is to jointly conduct training in accordance with the productive aging concept for employees of the companies participating in the qualification network. This means that the training measures are targeted at the different phases of the employee's working life. Through this participation, we ensure a multi-company exchange of experience and create added value for our company through the resulting network.

More in-depth information on our role in the local economy can be found in the "Sustainable Business" chapter.

As a focal point of our internal training program, we have started a foreign language initiative across the board in 2008 at the Gumpoldskirchen location to reinforce the internationalization process. 122 employees took part in a targeted English program. This will be expanded to include Russian, Spanish and Polish courses. In addition, we offer courses on German as a foreign language for our employees with a migration background.

In the future, we will accommodate the strong growth and the high share played by our human capital in our success more intensively. With the newly created organizational unit "Central Personnel Management", we are pursuing the goal of expanding our personnel development and the development of qualified trainees for management functions from our own ranks.

### Accidents at work – accident frequency, accident rate (AGI – Gumpoldskirchen location)



### Key figures in the area of employees in Austria

Key figure	2006	2007	2008
Workforce	1,940	2,154	2,374
Proportion of women	42.1 %	42.5 %	41.2 %
New hires	387	339	594
Average age	35.0	35.6	36.2
Proportion of migrants	23.3 %	23.4 %	22.8 %
Prop. University graduate	3.2 %	3.3 %	3.8 %
Further training costs	€ 0.3 million	€ 0.2 million	€ 0.5 million

per 12/31/2008



Oswald Tschirtner "People", 2002

## Health and Safety in the Workplace

The health of our employees is an underlying prerequisite for their personal performance. For this reason, we have setup preventative occupational health care and in-house health management. Our main goal is to ensure employee health for the long term.

In addition to the consultation hours, our company physician care is also available for all issues related to business trips abroad. In the year 2008, extended health examinations, vaccination campaigns (FSME protection and flu) as well as a series of vision tests were conducted. Furthermore, conducting "first-aid" courses and consultation with employees is on the agenda. All offers have been received extremely positively by our employees.

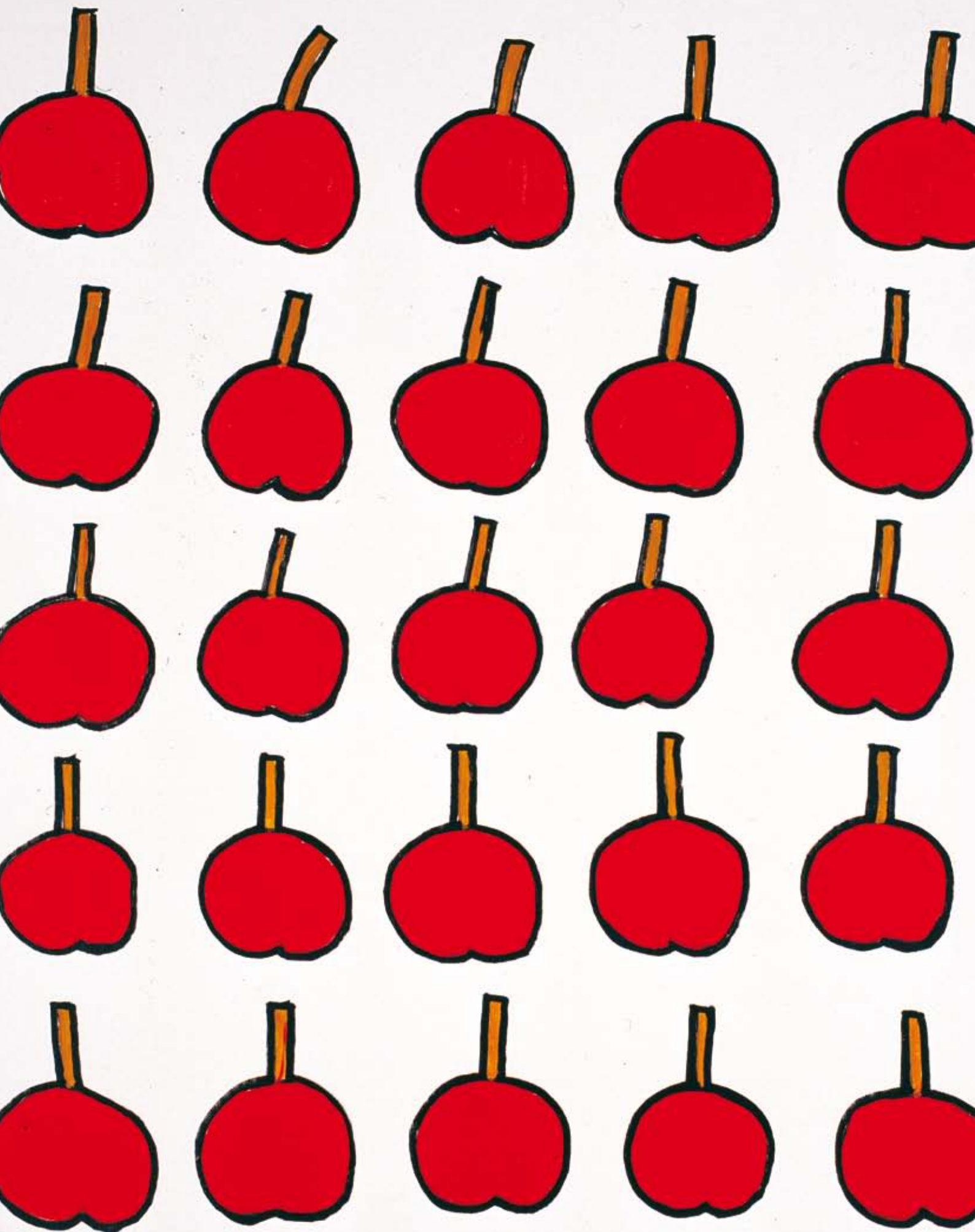
The focus on "healthy nutrition" that started with Apple Day in 2008 at the Gumpoldskirchen location will be continued in the coming years. As of 2010, we will offer our employees their own nutritional science based cafeteria in the Group headquarters.

Employee protection and accident protection are also a focal point of our activities. Employee protection is regulated in Austria by laws and ordinances. Our external safety officials monitor compliance with them. The prevention activities stipulated in the law were conducted in the reporting year. Among other things, this included advising the employees, a tour of the work facilities, determining and assessing dangers, defining hazard prevention measures as well as holding occupational safety committee meetings. The accidents at the Gumpoldskirchen location stabilized in 2008. As part of the task force meetings, the measures are constantly discussed and implemented. In this area, we have set a goal for ourselves to completely prevent accidents at work.

## Key Figures in the Area of Employees

Enterprise-wide controlling of our employee-related data is currently being set up. Through the use of IT solutions, we expect considerable simplification in collecting and analyzing relevant information in the future. Collecting reliable and standardized data right across the Group in order to create substantial general statistics will be a challenge for our sustainability management.

Our goal is a stronger networking between the Group headquarters and subsidiaries on the one hand, and between the subsidiaries themselves on the other hand.



Reisenbauer 2002

# Our Ecological Responsibility

Long-term success requires sustainable business. The NOVOMATIC Group is aware of its global responsibility for environmental and climate protection. For this reason, a concern of NOVOMATIC is continuous improvement of the environmental standards at all the Group's manufacturing sites. The goal is to constantly improve our energy and raw materials efficiency as well as to reduce the emissions in the air and water as well as the quantities of waste.

Climate and environmental protection are central social challenges. Each individual is called to contribute to slow down the continued increase of greenhouse gases and to use existing resources more efficiently. The corporate group works with specific measures to minimize its effects on the environment and climate. The operating companies are each responsible for the environmental protection agenda.

The NOVOMATIC product range is very extensive. It ranges from the development and production of gaming machines (so-called AWP machines = Amusement with Prizes) and casino machines, complete casino facilities, casino and management information systems, networking technologies, and right up to the manufacturing of injection-moulded parts and wiring harnesses for third party customers. Almost all components are produced within the Group and are therefore subject to permanent and strict quality controls.

The following production sites (the current production space covers around 11,500 square meters), which are located in the vicinity of the company headquarters in Gumpoldskirchen, are necessary for this: final assembly, printing shop, metalworking shop, carpentry shop, wiring harness production, mould making, and printed circuit boards assembly.

The manufacturing subsidiary, Austrian Gaming Industries GmbH, has a production capacity of 2,500 machines per week.

The unusually high vertical integration of our products is a particular challenge. Due to the preference given to regional suppliers and the reduction of transport routes that goes along with this, we are making an active contribution to the reduction of emissions. Through this high level of vertical integration of the products, NOVOMATIC has a far-reaching influence on the production process. It is our aim to even further exploit the optimization potential resulting from this.

For new buildings, like, for example, the expansion of the Group headquarters that started in 2008 or the construction of the new corporate headquarters of the German subsidiary Crown Technologies, careful consideration was given to ecological construction right from the planning phase.

For example, the following environmental measures were taken by the Group:

### Measures in the area of raw material efficiency, waste disposal and minimization

#### Raw Materials and Production

- Our own waste management official and an external environmental protection official deal with effective waste separation and disposal.
- The Group's own waste management concept evaluates waste-relevant material flows in our production facility and organizes the company's internal collection and storage logistics that watches over the types of waste that arise, the collection packaging and their disposal intervals, and it also plans waste prevention measures.
- Waste separation is lived out every day in our production facilities. For example, electronic scrap and monitors are collected and disposed of separately and printed circuit boards run through the shredder. Polystyrene (is used in mould making among other things) is shredded and recycled. As a result, it has been possible to cover two-thirds of this need with recycling material. Glass, paper, cardboard, plastic, iron, wood, fluorescent tubes, spray cans, old paint and varnish, rechargeable and regular batteries and used oil are collected separated in the containers designated for them. Cleaning cloths for the printing shop and for the cleaning staff are returned to the cleaning company and reused. Equipment packaging from our manufacturing subsidiaries in the Czech Republic, EDP, which accrues during the course of deliveries, is returned to them immediately.
- This concept is implemented in all the Group's subsidiaries.
- By converting from solvent-based paints to water-based paints, there is considerably less residual paint. This has led to a reduction of the annual paint requirement from 29 tons to 22.5 tons.
- In PCB construction, the wave soldering line, which is enriched with nitrogen, is flushed, slag formation is avoided and hence the waste of solder as well.
- By using a modern, economical and efficient binding machine, massive savings have been achieved in binding material for cables.
- The new laser used in our metalworking shop enables faster, more economical processing that can massively reduce waste.

The specific goal in the area of waste management is more effective residual waste separation. Specific measures for this are the reduction of plastic, paper, cardboard and Styro-foam packaging.

### Responsible purchasing

In terms of holistic responsibility, we also pay attention to compliance with environmental and labour law standards when choosing our suppliers and service providers, and we require flawless business conduct. It is our goal to encourage and support our suppliers in the area of responsible business.

We value goods that are produced in a "fair" way and require our suppliers and service providers to comply with environmental standards. Our wood comes from certified sources, and for electronic components, we try to reduce the environmentally harmful components as much as possible in accordance with the RoHS Guideline ("Reduction of use of Hazardous Substances").

Wherever a lot of chemicals are used, like for example for printed circuit boards and paints, we place a high value on compliance with standards and we also verify this ourselves. For this purpose, our own spectrometer was purchased in order to be able to check supplied material with regard to the chemical composition and hence RoHS conformity.

We have made it our goal to continuously expand the guidelines for procurement to include ecological criteria in order to further increase the environmental compatibility of our products in cooperation with our suppliers.

#### Everyone can make a contribution...

Successful examples of individual initiatives, like for example the use of the back of used copier paper as notepads, the use of low-energy lamps, efficient waste separation (and waste prevention) at the workplace, conscientious use of the resources electricity, water and heating oil, which are lived out by every employee show how each individual employee can make an active contribution to environmental protection.

We have made it our goal to reinforce the importance of such initiatives by including them in the Employee Manual.

## Systems and Buildings

### Wastewater recycling and dealing with emissions in the printing shop

Printing orders for graphics are processed in our printing shop. The design of the Plexiglas panes for the “Tops” (top glass) of the machines and the front view (“belly” glass) is based on a screen printing process. The consequence of this is that approximately one day is needed for printing and drying for each color that is used. The polluted water resulting from the screen printing process is purified in our own filter system. After treatment of the screens in a tank specifically designated for that purpose, the water is channelled to a pre-filter tank and then to a carbon filter cartridge and only then to the sewer system. The quality of this water has been measured and is impressive. It has drinking water quality!

The polluted air in the printing shop around the screen printing is purified in a carbon filter system and then channelled outside.

### Energy efficiency

Through the use of carbon-dioxide based lasers, the exhaust air is not contaminated, rather purified with filters and coupled with heat recovery exchangers. That way, part of the heating power is even recovered. A dedicated, specially trained laser protection official is responsible for the laser systems.

Even in the former “Traffic Office” building that the Group purchased in 2007, which is now called the “NOVOMATIC Forum”, measures for energy efficiency were taken during the course of the revitalization of the old building in spite of massive conditions imposed by the Federal Office for Monument Protection. For example, the attic was equipped with 25 cm of thermal insulation and the façade windows were reinforced with soundproofing glass.

## Transport and Logistics

### Export logistics

We have purchased a new, environmentally sound and low-emission truck with an emission class of Euro V, which is the highest and most environmentally friendly class. Thanks to the latest engine technology – with the same consumption – only one-quarter of the environmental pollution (reduction of the emission of particles (PM) and nitrogen oxides) is produced compared to a conventional truck.



Oswald Tschirtner “Tree”, 1999

Since the warehouse space will be drastically concentrated when the Group headquarters is expanded, the internal truck transport that used to exist between the individual plants will be reduced dramatically.

### Import logistics

When importing, it is important to us to focus on ship transport if possible in order to avoid air transport. With the help of software that we developed in the Group and that prepares the historical information, it is possible for us to place orders at an early stage and that way avoid air transport.

In spite of an increased volume of orders, we have been successful at reducing truck and air transport.

### Best practice – examples from individual production facilities

#### Ecological Löwen

The first ever participation of our German subsidiary NSM-Löwen Entertainment in the company environmental consulting program ÖKOPROFIT (Ecological Project for Integrated Environmental Technology), was accompanied by intensive and environmentally sound saving measures.

ÖKOPROFIT is an Agenda 21 project that was originally developed in Graz and adapted to German conditions and is intended to effectively strengthen companies economically by using innovative technologies and thereby also improving the ecological situation of the region/city. ÖKOPROFIT companies are involved in corporate environmental protection above and beyond that which is required by the legislator.

*Simply by implementing the different ÖKOPROFIT measures, we have been able to save around 36 tons of cardboard, 20 tons of plastic sheeting, and 200 cubic metres of wood packaging in this year. The completed measures for better utilisation of energy this year will result in saving around 680 tons of CO2 as well as electricity savings of around 300,000 kilowatt hours.*

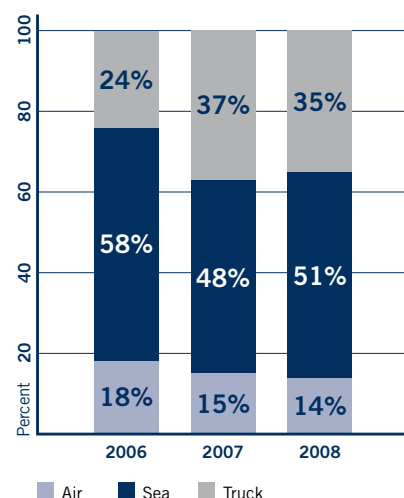
Raymund Eckes, Plant and Production Manager of NSM-LÖWEN.

The company was awarded a prize in March 2008 by the district administrator of the County of Mainz-Bingen for its commitment to the environment.

### Waste volumes in tons

	2006	2007	2008
Paints and varnishes	4.525	6.445	9.073
Hardened old paint	-	-	1.175
Oil-contaminated waste	0.225	0.06	0.32
Used oil in packaging	2	1.1	1.78
Electronic scrap	13.835	19.459	27.883
Monitors	23.3	18.18	46.784
Fluorescent tubes	0.245	0.18	0.172
Lead rech./car batteries	-	0.12	-
Dry/consum. batteries	-	0.42	0.31
Cooling devices	0.26	0.39	0.16
Plastic & Styrofoam	22.53	38.264	38.69
Development baths	12.98	15.1	25.18
Solvents	1.17	-	1.44
Cardboard/waste paper	69.18	83.97	119.73
Scrap iron	49.62	41.09	22.13
Wood sanding dust	24.02	38.27	28.69
Old glass	0.4	0.5	0.085
Metal packaging	0.7	0.8	1
Old wood. mixed	1.99	2.57	237.58
Spray cans	0.071	0.075	0.08
Cable. CU	-	1.88	0.94
Residual waste	380.94	470.09	301.95
Laboratory waste	-	-	0.06
Oil-water mixture	-	-	1

### Import logistics





3D model of new headquarters

### Project data for Group headquarters reconstruction

Property area	50,000m <sup>2</sup> , incl. R&D: 27,000 m <sup>2</sup>
Net floor space	Prod. 27,017 m <sup>2</sup> ; Tower: 14,256 m <sup>2</sup>
Gross floor space	Prod. 33,236 m <sup>2</sup> ; Tower: 17,469 m <sup>2</sup>
Gross volume	Prod. 155,624 m <sup>3</sup> ; Tower: 64,101 m <sup>3</sup>
Façade area	Prod. 10,511 m <sup>2</sup> ; Tower: 5,599 m <sup>2</sup>
High tower	40 m
No. of floors Tower	8 normal floors, basement
No. of floors Low building	2 floors, BT 4 deliv./shipm. 1 floor
Ground breaking	March 2008
Construction time	R&D building: 04/2008 - 12/2008 Adm. bldg. 04/2008 – most likely 08/2009
Move in	partly completed, rest 08/2009
Project management	Site mgt. + ÖBA Arch. Straitz Int. proj. mgt: Site mgt. Novomatic AG
Technology	Electrics & I&C: Klenk & Meder, HKLS: Planning by Thermo Projekt, Execution HKLS Arge Axima/Maroschek
Planning design	Arch. Straitz
No. of parties	150-400, depending on building phase
Investment volume	around 90 mill. euro

### Crown Technologies

Savings of heating energy of up to 50 percent can be achieved as part of the new construction of the corporate headquarters of the NOVOMATIC subsidiary Crown Technologies through the use of the latest heating technology and the high standard of the building materials that are used. By the summer of 2009, there will be a new building complex on the Crown company premises that shall combine development, production and administration. It meets the highest standards of a modern business facility both from a design and structural perspective.

Hence, great importance is placed on energy-efficient heating and controls, controlled ventilation with heat recovery from the exhaust air, the use of low-energy lamps in the entire facility and low-e glazing with a self-cleaning, nano-coated surface. In addition, the hall building consists of up to 75 percent recyclable building materials like steel, aluminium, and mineral building materials that can be fed back into the recycling cycle. With these measures, energy savings will be achieved that exceed the stipulations and standards of the Energy Savings Ordinance by at least 25 percent.



Building time lapse Headquarters new

## Project, Headquarters New

By the expansion of the Group's headquarters in Gumpoldskirchen, synergy effects will be achieved by combining several areas and thereby speeding up processes on one hand, and making communication between the divisions more efficient on the other hand. Starting in the planning phase of the building, sustainability aspects were taken into consideration such as energy efficiency as well as the reduction of CO<sub>2</sub> emissions, for example. The new light-flooded building supports the modern and innovative image of the company and also generates considerably greater working quality due to the creation of a cafeteria, larger meeting rooms, and communication zones.

### The Energy Concept

During the course of planning the project, the construction of an energy-efficient and comfortable, high-quality facility was in the foreground. Cutting back emissions to make an active contribution to climate protection was achieved by the following measures:

- Installation of an ice storage system to utilize the night-time electricity and to reduce the transformer capacity
- Installation of a free-cooling system to lower operating hours of the refrigerating machines, which results in savings of approx. 15-20 percent in electricity for generating the cooling energy
- Use of gas condensing boiler technology, through which

savings of heating costs of around 10% will be achieved

- Utilization of the waste heat from the server rooms
- Utilization of the waste heat from compressed air generation for the generation of hot service water.

### Facades

The façade construction consists of a flush-mount, double-glazed window construction with electrical sun protection built into the space between the windows. It is a combination of thermal insulation glazing and a highly reflective solar protection glazing. Flush-mounted, back-ventilated, aluminium metal sheet coffers including thermal insulation were used as a parapet covering.

### Mechanical Services

Through a mechanical ventilation and exhaust system for social rooms and the possibility of room cooling, the comfort and the productivity of the employees is increased considerably. A forced air ventilation system ensures particularly good air quality at the workstations. The outside air is filtered with a central ventilation device with regulated heat recovery and then heated, cooled, humidified or dehumidified according to need. By dehumidification during the summer months, the capacity of the cooling ceiling can be increased because the dew point shifts.



### Barrier Freedom

Right from the planning and design phase, consideration was given to make it possible for all groups of people to use the building. The Austrian Civil Invalidity Association (ÖZIV) provided its know-how for this. The following measures were taken in particular: parking spaces for the handicapped, lifts that are suitable for the handicapped, level equalising entrances, wide bright rooms and hallways, spacious lifts in which information can be distinguished both optically as well as acoustically and by sensors, wheelchair compatible bathroom facilities, ramps for the disabled, and much more.

### Environmentally Friendly NOVOMATIC Carpentry

An important contribution was made to industrial safety and especially to environmental protection by the purchase of a very expensive and environmentally friendly painting line costing 600,000 euro for the newly created carpentry shop, which by the way covers around 4,300 sqm. It is a fully-automated industrial machine that made it possible to change over from manual and solvent-based paintwork to a fully-automated, water-based painting facility. Besides encouraging financial side-effects, like a reduction of personnel requirements due to the automation, this new painting line enables 30 percent paint recovery due to the use of spraying robots. As a result, it is possible to reduce the annual paint requirement from 29 tons to only 22.5 tons.

### Synergies that make sense ...

What should be done with incomplete deliveries that, however, only need simple adaptation work? As part of our cooperation with Lebenshilfe Niederösterreich and Hilfswerkstätte Gumpoldskirchen, minor but repairable flaws that are caused by the manufacturer, for example, like raising a drill hole on banknote testers, can be resolved in an outstanding way.

It is our goal to implement an extensive data collection in the form of a process. For one can only develop rational optimizations on the basis of extensive collections of all environmentally relevant processes.



# Corporate Governance

It is important to NOVOMATIC to be a trustworthy company and a reliable business partner. Therefore we are taking a number of measures to ensure transparency and compliance with legal stipulations. These measures are at the same time an important contribution to the company's risk management.

To be able to operate transparently as a company, we are reliant on adequately clear legal general conditions. It is therefore an important and success-critical factor of our expansion strategy to concentrate exclusively on regulated markets with clear legal and regulatory environments.

## Code of Conduct

By creating our own code of conduct, the NOVOMATIC Code of Conduct, we have conveyed this commitment into tangible rules. This code includes guidelines for dealing with each other, but it is also a commitment to specific ethical and social values, and it contains information on business practices and security issues for example. In connection with an Employee Manual, which is a type of guideline for our employees and is there to give direction as well as orientation for issues dealing with the employment relationship, these two documents represent a binding guideline for all employees of the corporate group and serve primarily as an internal body of rules and standards. However, they also provide information on the basic conduct that the general public can expect from NOVOMATIC employees. The regulations contained there range from A like

"Anti-corruption" or "Antidiscrimination" to N like "No betting or gaming for employees". The integration of the Code of Conduct into compliance issues serves as an additional safety measure to make sure that all legal requirements are met, and it serves to maintain the company's integrity.

## Compliance

NOVOMATIC operates in an environment with complex legal regulations. In order to fulfill the legal regulations and our own high demands, there is a customized internal company

"Corporate Compliance Programme". It helps to prevent any legal violations well in advance, or alternatively to minimize possible risks with the goal of ensuring and preserving the good reputation and integrity of the company. The program will be expanded continuously in order to meet new regulatory requirements, challenges and also counter problems, but also to be able to take changing general conditions into consideration.

### Regulatory Legal Compliance

A dedicated, internal company Regulatory Compliance Officer checks all internal procedures to find out whether they are affected by laws or regulations and that way ensures proper procedures. He is responsible for the implementation and administration of the compliance program and the internal reporting system. For this purpose, there is permanent interaction between the Compliance Officer and management in order to



be able to filter out the facts that must be reported. Comprehensive legal regulatory compliance is indispensable for obtaining licenses as a gaming operator (so-called “operator’s licence”) or manufacturer (so-called “manufacturing licence”).

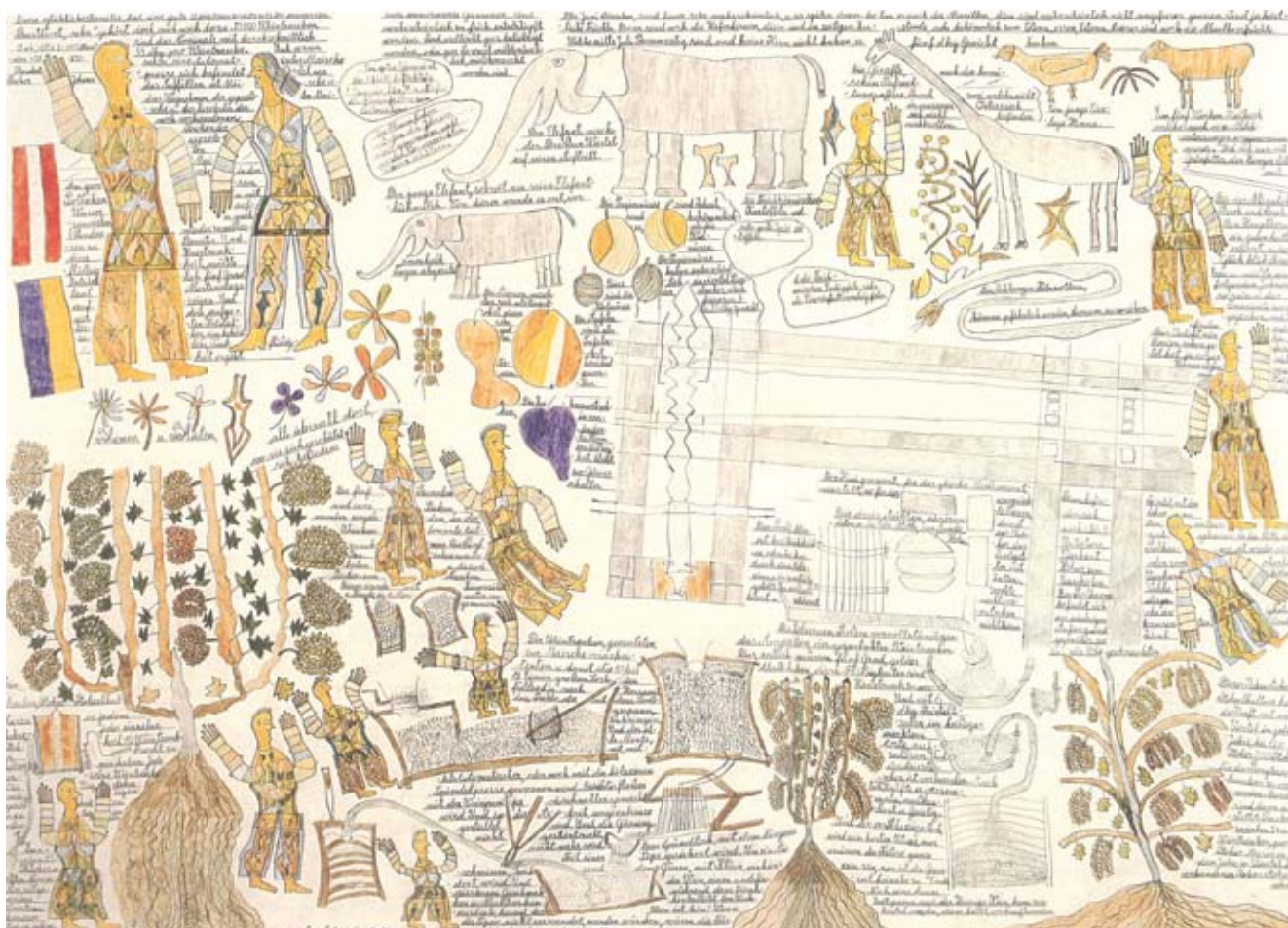
In order to be able to keep licenses that we have already been granted or to obtain new ones, the company on the one hand and the shareholders, Supervisory Board, Executive Board, CEO and authorized representatives on the other hand must subject themselves to regular, extensive audits and intensive investigative screenings or checks by the respective supervisory authorities of the respective countries.

To make sure that existing licenses are in no way jeopardized, it is the uppermost focus of the Group to conduct precautionary and security measures for joint ventures or other company acquisitions. With the help of “know your customer” principles, due diligence audits and background checks, the reliability and seriousness of a business partner or license solicitor is checked in detail.

#### Technical Compliance

A second important area in this connection is the so-called technical compliance. In accordance with the regulatory requirements of the individual jurisdictions, the entire product range (all hardware and software as well as networking technologies and jackpot systems) are subjected to thorough investigation to make sure that all our products meet the technical regulations (e.g. payout modalities, compliance with pay-in and payout limits, etc.) as well as the safety-related requirements (so-called “safety compliance”). Certification by an accredited test lab like TÜV or TGMÖ certifies the high reliability of our hardware.

The software is also routinely subjected to the compliance process. The respective software including its extensive documentation (game descriptions including technical details) is tested and assessed by the authorities or an accredited test lab of the international certification centree. This certificate is a prerequisite for granting a licence. For security reasons, the laws of some countries require leaving the licensed programs with the authorities.



Johann Fischer "The happy family" 2000

## Data Protection

NOVOMATIC takes the protection of personal data of employees, customers, suppliers and other persons very seriously. The company's strategy and the guidelines derived from it support this goal. In order to ensure compliance with the data protection guidelines in practice, an external data protection official was appointed to support the company and its subsidiaries on an ongoing basis in all issues dealing with data protection and the Austrian Data Protection ACT (DSG 2000).

The data protection official analyzes and checks the existing and planned data applications for their legal data protection relevance and ensures that the related compulsory registration with the Data Processing Register (DVR) and all necessary contacts with the authorities are completed. Furthermore, he supports management in the preparation of specific recommended actions and offers assistance for the individual divisions. Together with the IT department, process workflows are adjusted making sure that legal data protection aspects are taken into consideration in all projects.

It is our goal to continue these measures at the same level.

24. Oktober 1986  
3.4. November 1986



F. J.

# Sustainable Business

For many years, NOVOMATIC has pursued the strategy of increasing the value of the company in a sustainable and lasting way. A commitment to value creation that is orientated around sustainability not only secures our company's success, but it is also directed at all those who profit directly or indirectly because of our contribution to regional and national value creation.

The clear commitment to the Austrian headquarters, which has now been manifested in the considerable investment in the expansion of the Group headquarters, is an established part of this strategy. Networking and cooperating with local partners naturally plays a central role here, and is part of our understanding of corporate social responsibility, which is practiced on a daily basis.

Even in the construction phase of the new headquarter, the local population was included in a dialogue, as the 40-meter office tower gave cause to some discussion in the region. During the course of gatherings of adjoining neighbors and meetings between representatives of our company and the local population, their concerns were cleared up and it was possible to show that the office building fits well into the countryside.

## Regional and National Value Creation

As a leading company in the region, NOVOMATIC makes a considerable contribution to value creation, investments,

tax yield and hence to securing jobs. The NOVOMATIC manufacturing site provides important support to the region.

A recently conducted study by the Regioplan Institute shows the high importance of NOVOMATIC for the local labor market. The Group is not only the largest employer in Gumpoldskirchen, but it is also one of the largest tax payers in the region. NOVOMATIC provides major support for the municipal budget, since around 40 percent of the municipality's tax revenues are raised via local taxes. NOVOMATIC's share of the local tax compared to the total amount of local tax in the community was calculated to be around 35-40 percent. This in turn results in a share of around 15 percent of the total tax income of the municipality, which benefits residents in Gumpoldskirchen in the form of outlays made by the municipality.

*NOVOMATIC provides important support to the municipality and the region. It contributes to strengthening the economic power of the region, prevents the loss of jobs, and protects against workers leaving the region.*

DI Michael Oberweger, RegioPlan Consulting GmbH

## Lasting Value Creation

The corporate group has internalized the concept of sustainable business in terms of lasting value creation by the principle of organic growth, among other things. Here as well, the goal is to increase the value creation in all divisions continuously, lastingly and sustainably.



Construction site Headquarters New

More than 800 registered intellectual property rights (like brands, patents, registered designs) certify that we orientate ourselves around assets that ensure our company's success in the long-term.

### Investments

Our investment strategy also reflects sustainable investments. Our extraordinarily high investments in the expansion of the Group's headquarters in Gumpoldskirchen as well as in the revitalization of the former "Verkehrsbureau" across from the Vienna Secession, which is now the NOVOMATIC Forum, shows that the company also invests during economically difficult times and consciously acts here in a countercyclical way.



NOVOMATIC Forum construction site

Our goal is to continue to invest in research and development in order to promote the innovative power in a countercyclical way, and to press ahead with our expansion as a global player with innovative products in selected growth markets. Last but not least, the shareholder structure of the company is an advantage and a guarantee of stability that should not be underestimated.



Printed circuit board production in Gumpoldskirchen



NOVOMATIC Forum construction site

Korke Johann

1972



P  
Pippi Langstrumpf

# Social Responsibility

The NOVOMATIC Group has a long tradition of taking social responsibility. Dealing with social responsibility is influenced by our self perception as a "Good Corporate Citizen", i.e. by the involvement of the company as a good citizen. As a result, we feel it to be our duty to give back part of our success to society.

## NOVOMATIC as a reliable and dedicated Partner

NOVOMATIC supports numerous initiatives in the areas of culture, society, sports, science, and the community. When selecting projects that we want to support, we value sustainable initiatives that develop their effect over time, going beyond short-term donations.

### **NOVOMATIC contributes to a vital civil society by creating platforms for socio-political and cultural exchange.**

By buying the former "Verkehrsbureau" building in summer 2007 in the First Vienna District, opposite the Secession building, the company's vision of creating a new center for dialogue, art and culture far away from core business became reality. The building, which is now called the NOVOMATIC Forum, was extensively revitalized and modernized in close cooperation with the Federal Office for Monument Protection and the City of Vienna. It is scheduled to open at the end of 2009.

This historic gem of a building will be an interdisciplinary meeting place in a European format where one can experience multimedia worlds and culinary surprises, making it another highlight in the cultural city of Vienna. With this challenging project, the company wants to stay in touch with the heartbeat of the city having an active dialogue with art, culture and society. An established part of the planned utilization concept will be the construction of a culture café as a place for communication, discussion, intercultural exchange, multicultural diversity and entertainment.

The building will prove to be very versatile and will accommodate visual arts, performing arts, music, films, design, literature, press conferences, meetings and seminars. Much more will emerge in a great variety of ways in "Vienna's new Center" to provide the interested public with a great variety of enjoyment.

### **As a Group based in Austria, we rely on highly qualified employees. Therefore, we support education and research institutes and that way contribute to strengthening Austria as a knowledge base.**

Each year, ambitious young researchers are honoured for outstanding performance in the field of life sciences at a gala evening full of atmosphere in the NOVOMATIC Forum with the "ALSA Award", which was created by NOVOMATIC.

We are already connected with the Institute of Informatics at the University of Vienna through a longstanding partnership. The know-how transfer between the university and industry plays an important role.

The scientific acquisition and evaluation of data on substance-related addiction illnesses is a major concern of ours. Within the scope of our responsible gaming measures plan, research cooperation with the Medical University of Vienna, Department of Addiction Research and Addiction Therapy is an important cornerstone.

**From our own experience, we know how important the personal commitment of a business owner is for the founding of a company.**

For this reason, we supported the young entrepreneur competition called “Move On” in the reporting year, because we – as a leading company – are aware of the great importance of small and medium-size companies to Lower Austria and hope to be able to give young founders some help getting started.

## NOVOMATIC Brings Culture into Play

**As a global enterprise, we profit from worldwide networking. Here, art helps to overcome cultural barriers. By supporting institutions that create art and support cultural, we are also building bridges between cultures.**

We extended our cooperation with “Schauspielhaus Wien”, which was given the special “Nestroy” award from the Vienna Theatre Award Jury. Once again we supported the Danube Festival, the Maria Enzersdorfer Festivals, the Lustspielhaus, the Kittsee Musical Festival, the Stockerau Open Air Festival, EU-XXL Film and regional facilities like the Gumpoldskirchen culture club, just to mention a few.

Films as an art direction were at the center of our activities in the reporting year.

As the main sponsor, we supported the world premiere of Robert Dornhelm’s filming of the opera “La Bohème”. The cinema version of the Puccini masterpiece with Anna Netrebko and Rolando Villazón in the main roles was presented at the Cineplexx am Wienerberg in an exclusive viewing. We are especially proud that our contribution helped to create a unique Austrian film production.

Fitting for the Karajan year 2008, we supported the premiere of Robert Dornhelm’s sensitive documentary film “Karajan, or the beauty as I see it” in the Vienna State Opera.



NOVOMATIC scholarship holder



La Bohème film premiere



Wolfgang Schattauer



Karajan film premiere in the State Opera

Besides financial sponsorship of the Vienna State Opera, we put our words into actions in our project to provide more support for young talent by announcing a NOVOMATIC scholarship for the first time. The up-and-coming young Rumania soloist, who sings bass-baritone, Zoltán Nagy, is this year's recipient of the scholarship.

In the area of visual arts, we made a contribution to the realization of the "Re-collecting. Robbery and Restitution" exhibition of the Museum for Applied Art (MAK), among other things.

A nice connection between our cultural and social involvement was created by the Gugging project. Supporting the Gugging Museum, a worldwide one-of-a-kind museum that was designed as an exhibition venue for the Art Brut style of art, also means supporting the artistic talents of people with special needs.

**Everything is about chance in the gaming sector. Therefore, we support the socially handicapped with aid projects and donations to make sure that the luck is spread out more fairly in our society.**

With the "Admiral Charity Fund", we support people who are disadvantaged in life. After verification and evaluation by our own board of trustees, they receive immediate help from this pot quickly, without any bureaucracy and without any mention to the media. Moreover, the following social projects are supported from the sponsoring budget:

- Cultural Association of Austrian Roma
- "Licht ins Dunkel"
- "ZuKi" Initiative ("Future for Kids")
- Caritas
- Clinic Clowns
- Lebenshilfe NÖ, Gumpoldskirchen workshop
- Viennese Psychoanalytical Association
- Vienna Society for the Prevention of Cruelty to Animals
- Austrian League for Human Rights.

A central role is also played by the support for self-help groups and counselling centres in the field of pathological gaming addiction such as the Gaming Addiction Help Vienna, Gamblers Anonymous Salzburg, and the hotlines of AKH Vienna, as well as the Styria Chamber of Commerce. In a time in which the state is withdrawing more and more from its traditional role, we regard it as our duty to support the work of these institutions.

## We keep you in the game

Our subsidiary Admiral Sportwetten GmbH is traditionally very strong in supporting sports. We support not only the top sports and sponsor very promising young talent, but we also focus on mass sports and recreational sports.

Once again this year, our activities focussed on supporting physically handicapped athletes, like for example this year's gold medal winner in the handcycling competition during the Paralympics in Peking, Wolfgang Schattauer, who we have been able to accompany on his path as an athlete for many years.

*Handcycling is one of the most demanding types of sport for physically handicapped athletes. Besides the tough training to develop the necessary endurance and strength, choosing the right material is decisively important for success. NOVOMATIC AG helped me even before my first international successes in the procurement of the best wheel material. Hence, after winning the world championships in 2006 and 2007, I have now been able to also win the gold medal at the Paralympics in Peking in 2008. I would like to express my heartiest gratitude for this support.*

Wolfgang Schattauer

Furthermore, we were also a league sponsor in the reporting year for the Austrian national basketball league, the "Admiral Basketball Bundesliga", and supported various football clubs, the Vienna Capitals, and the ladies' handball club Hypo Lower Austria.

Following the motto of "All Austria plays tennis", once again this year the Vice President of the Austrian Tennis Association, our General Director Dr. Wohlfahrt, jumped on the advertising bandwagon to further establish tennis as a mass sport.

Especially in economically difficult times, many institutions are facing financial problems. With our long-term involvement, we would like to consciously send out a signal and show that NOVOMATIC will not leave its project partners in a bind even in times of crises. This is possible for us, because sponsoring, as part of our corporate citizenship strategy, is a strategic, planned, coordinated and evaluated instrument for our social commitment.

**It is our goal to continue this involvement at the same level.**

## Glossary

**AWP or Amusement with Prizes** Gaming machines with limited bets, playing and payout amounts. Both the amount of the bets as well as the winnings are regulated depending on the venue.

**Code of Conduct** A code of conduct is a voluntary commitment to follow or refrain from specific patterns of behavior and to make sure that no one is able to gain an advantage by circumventing these patterns.

**Compliance (legal & technical)** describes the sum of all reasonable measures that establish the proper conduct of a company, the members of its organization, and its employees with regard to all legal dictates and bans. Furthermore, compliance of corporate business conduct with all social guidelines and values from a moral and ethical perspective is to be guaranteed.

**Corporate Governance** deals with rules that apply to the employees of companies or the companies themselves, and which are to effect “good“, responsible and objective management and supervision of those companies.

**Corporate Citizenship** describes the involvement as a good citizen in and by companies that are pursuing a medium and long-term corporate strategy on the basis of responsible actions, and are actively involved in the local civil society or, for example, for ecological or cultural concerns as a “good citizen” above and beyond the actual business operations.

**CSR or Corporate Social Responsibility** is a concept that a company uses as a foundation for voluntary integration in social concerns and environmental concerns in its company operations and in interrelationships with its stakeholders (Definition from the European Commission).

**Downloadable Game** is a game that is downloaded from a server in the network to the respective gaming machines where it is then installed.

**Fixed Odds Betting Terminal (FOBT)** are betting machines with fixed odds (i.e. the odds played by the customer are shown on the ticket and do not change – in contrast to totalizers).

**Gaming Standards Association (GSA)** is an international trade association that represents gaming manufacturers, distributors and operators and enforcement authorities.

**ISO 9001** defines the requirements of a quality management system in case an organization has to demonstrate its ability to provide products that meet the requirements of the customer and any official requirements and is striving to increase customer satisfaction.

**Live-Game** refers to the live games played in the casing with the involvement of casino employees (e.g. roulette, black jack, etc.).

**LPM or Limited Payout Machines** refer to gaming machines with limited playing and payout. It is the South African version of AWP (see above).

**Migrant proportion:** Proportion of employees who are not Austrian citizens.

**Multi-Player System** is a system with multiple player terminals on which classical casino table games like roulette, poker, baccarat or bingo are offered. Multiple players can take part in a game at the same time.

**Remote Gaming** refers to a network-based game that is independent of the terminal (e.g. Internet Casino).

**RoHS-Guideline (Restriction of the use of certain hazardous substances)** EC guideline 2002/95/EC for limiting the use of certain hazardous substances in electronic equipment, regulates the use of hazardous substances in devices and components.

**TGM** Technological Business Museum

**TÜV** Technischer Überwachungs-Verein – Technical Inspection Association

**VLT – Video Lottery Terminal** The random numbers are drawn from an external, central server, whereby the connected terminals process the random numbers obtained over the network from the central server and make use of them graphically in the installed games.



Arnold Schmidt „Aircraft“, 2000

Dear readers,

This report marks an important step for us in the direction of a sustainable development of NOVOMATIC AG. We, as a corporate group, want to constantly continue to develop, sharpen our senses for the challenges of our industry, and take our responsibility conscientiously. To make sure that happens, we are reliant on your feedback. We invite you, therefore, to send us your comments and critiques, your praise and above all your suggestions to the following email address:

[csr@novomatic.com](mailto:csr@novomatic.com)



# NOVOTMATIC AG

## Group Consolidated

# Financial Statement

# Management Report

on the 2008 Individual Financial Statement and Consolidated Financial Statement  
NOVOMATIC AG, Gumpoldskirchen

## Preamble

NOVOMATIC AG's annual financial statement (individual company statement) was prepared according to the accounting and valuation principles of the Austrian UGB (Uniform Commercial Code). According to these requirements, the affiliated companies are identified as part of the financial assets. As such, the individual company statement only provides an extract of the economic situation of NOVOMATIC AG and its affiliated companies.

## Financial Performance Indicators

### I. Assets Position

Total assets rose compared to December 31<sup>st</sup>, 2007 by 201.8 million EUR to 582.6 million EUR. On the asset side, this increase can be primarily attributed to the increase in fixed assets to the tune of 102.9 million EUR to 394.9 million EUR. In terms of fixed assets, investments concern primarily the construction of the Group's headquarters as well as the increase in participations in affiliated companies and loans to affiliated companies.

Compared to the previous year, current assets registered an increase from 97.9 million EUR to 185.4 million EUR, with receivables from affiliated companies increasing by 90.2 million EUR and other receivables and financial assets increasing by 8.9 million EUR. Accrued items increased during the 2008 fiscal year by 1.0 million EUR to 2.2 million EUR. This increase is attributable to deferred tax assets in the amount of 1.2 million EUR. The registered capital of the company is 26.0 million EUR. Including the capital reserves of 1.0 million EUR, retained earnings of 1.6 million EUR, net profit of 165.3 million EUR and untaxed reserves of 0.2 million EUR, the company's capital resources thus rose to 194.1 million EUR. The proportion of equity capital to total capital is now 33.3 percent compared to 37.5 percent in the previous year.

Outside capital increased in the past fiscal year by 150.7 million EUR to 388.5 million EUR. The most significant changes involve the increase in provisions by 4.3 million EUR to 6.2 million EUR, the increase in liabilities to banks by 135.1 million to 202.3 million EUR due to the taking out of a loan against a promissory note in the amount of 106.5 million EUR as well as the increase in trade payables by 8.4 million EUR to 11.3 million EUR and the increase in other liabilities by 2.6 million EUR to 18.1 million EUR.

### II. Financial Position

In 2008, including the changes in the net current assets there was an influx of funds in the amount of 4.0 million EUR from operating activities.

Outflows of funds from investment activity amounted to 107.8 million EUR in 2008. Important reasons for the outflows included capital increases in subsidiaries and the construction of the Group's headquarters.

There was an influx of funds from financing activity in the amount of 102.6 million EUR due to the taking out of a loan against a promissory note in the amount of 106.5 million EUR and taking out loans to finance various investment projects in the amount of 26.1 million EUR, minus dividend payouts in the amount of 30.0 million EUR.

All together, cash and cash equivalents dropped from 20.5 million EUR at the end of 2007 to 19.3 million EUR at the end of 2008.

### III. Earnings Position

NOVOMATIC AG achieved a turnover of 34.3 million EUR in the past fiscal year compared to 23.1 million EUR in 2007. The main sources of turnover were revenues from property rentals, management fees, license revenues and earnings from staffing. Turnover-dependent licence and trademark protection fees showed a strong increase due to the updated cost rates and the positive economic development of the subsidiaries.

Personnel costs of 3.3 million EUR increased compared to the previous year by 0.8 million EUR. The remaining operating expenses rose by 1.1 million EUR.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 9.6 million EUR to 14.3 million EUR.

The financial result rose by 13.1 million EUR to 72.9 million EUR.

Depreciation and amortisation rose by 2.6 million EUR to 9.0 million EUR due to strengthened investment activity.

Earnings before taxes (EBT) thus rose by 20.2 million EUR to 78.3 million EUR.

After adding income taxes in the amount of 2.9 million EUR, taking into account the switch from individual to group taxation, there was an annual net profit of 81.2 million EUR.

For a better understanding of the assets, financial and earnings position of the NOVOMATIC Group, the following management report is based on the consolidated financial statement. NOVOMATIC AG's consolidated financial statement is prepared according to the accounting and valuation principles of IFRS (International Financial Reporting Standards).

## 1. Economic Framework

Austria's economy showed an average economic growth of 2.7 percent in the period from 2004 to 2008. According to the Austrian Institute for Economic Research (German: Wifo) the downturn of the global economy which set in in autumn 2008 is expected to get considerably worse in 2009 as a result of the international economic and financial crisis. Accordingly, the real economic effects on the European economy are clear. The Austrian economy cannot avoid this downward trend. However, the extremely expansive fiscal policy serves to dampen the downturn. Domestic economic performance will therefore likely decrease by 2.2 percent according to Wifo. The IHS (Institute of Higher Studies) expects a decline of as much as 2.7 percent. At the time this report is being prepared, microeconomic forecasts are being corrected downward throughout Europe on an ongoing basis. In the course of the slight recovery of the international economic situation forecast as of 2010, the Austrian economy should once again grow by 0.5 percent. For the period from 2009 to 2013, the Wifo forecasts an average real GDP growth of 1.3 percent p.a.

## 2. Developments and Trends in Gaming

Currently, concrete effects of the financial and economic crisis on the global casino and gaming industry are very hard to measure. According to the study, "Global Entertainment and Media Outlook 2008- 2012", conducted by the financial auditing and consulting company PricewaterhouseCoopers (PwC), the casino and gaming industry should increase its turnover to a noticeably greater extent than other worldwide industries. The increase rates of up to 8.8 percent projected before the outbreak of the crisis will clearly have to be revised downward, however.

In the USA, as early as in mid-2008 declines in bets in the so-called destination gaming became noticeable – for instance in Las Vegas. In Atlantic City on the East Coast turnover also fell by 7.6 percent during the reporting period. Consequently, construction of a series of major casino projects was stopped. In Europe, too – not least due to the introduction of prohibitions on smoking, for example in Germany – there were significant earnings losses.

The development is assessed more optimistically for the Asia-Pacific region. The main reason for this is the People's Republic of China, which is consistently expanding the city-state of Macao into a casino location – and which has achieved higher gaming revenues than Las Vegas for two years now, but other reasons include activities in other countries such as the Philippines, Singapore or Cambodia.

If this development continues without being dramatically negative impacted by the financial and economic crisis, then the Asia-Pacific region could, for the first time, achieve higher turnovers than the European regions and the Middle East/Africa as early as 2010. For Western Europe, PwC predicts annual growth rates of 6.6 percent – to 30.5 billion dollars in 2012. In Europe, above all online gaming should continue to show potential for growth.

According to PwC, the Middle East/Africa region is expected to increase from 1.9 billion dollars in 2007 by an annual twelve percent to 3.3 billion dollars in 2012.

A great deal of development potential continues to be ascribed to the Latin-American market – due for example to new casino licences in Chile and Argentina. Before the outbreak of the financial and economic crisis PwC figures on an annual growth rate of 12.1 percent.

The main driving forces for this growth are slot gaming and online gaming – for these, PwC forecasts an annual growth rate between 8.4 percent (for example in Austria and Hungary) and as much as 17.6 percent (in Italy). In casinos, the trend is continuing away from live to machine gaming. In terms of gaming machines, the trend shifting from reel to video machines with new, additional features is continuing. Modern networking systems, video lottery systems and online-billing programs as well as server-based gaming are gaining more and more ground. Mobile phone gaming has not, to date, reached any significant market shares. The poker boom continues undiminished.

### 3. NOVOMATIC AG General Corporate Development

NOVOMATIC AG is a globally active, integrated gaming company – with a dual oriented strategy as a manufacturer and operator. During the reporting period, the company once again managed to expand its position as Europe's leading gaming enterprise and high-tech developer of gaming equipment as well as one of the top players worldwide. The company's highest priority here is placed on the principle of operating only in regulated markets with clear regulatory policies and legal framework conditions.

In its 28th year of existence, NOVOMATIC AG expanded its position as one of Austria's leading technology companies and once again confirmed its position one of the best employers headquartered in Austria. In the 2008 Austrian brand value study, NOVOMATIC AG took ninth place amongst the top Austrian brands (2007: tenth place) with a brand value of 1.69 billion. Compared to 2007, NOVOMATIC's brand value rose 17 percent representing the highest increase in comparison with the other top ten companies.

In 2008, NOVOMATIC AG Group's subsidiary responsible for research, development, sales and marketing, Austrian Gaming Industries GmbH (AGI) further expanded its position as one of the best global leaders in the arena of large devices, multi-player systems as well as a variety of new, attractive and interactive games. This success is based not least on the vision developed by NOVOMATIC founder Prof. Johann F. Graf as far back as 15 years ago – that of combining the appeal of classic live games with the possibilities afforded by state-of-the-art technologies.

As in previous years, the company's duality as a manufacturer of state-of-the-art gaming equipment on the one hand and operator of casinos, electronic casinos and sports betting outlets on the other once again stood up to the test. Its quick response to constantly changing market requirements and early entry into the market – e.g. in Eastern Europe and Southern Europe, but also its expansion into regions like Latin America and Asia – brought stable and sustainable growth.

#### 3.1. Manufacturing Division

The Super-V+ Gaminator® developed into a star of the AGI cabinet line in 2008. This device, optimally equipped for Coolfire™ II multi-games, now represents the standard cabinet for the company's international markets. With state of the art video gaming technology, the Super-V+ Gaminator® was designed for top performance.

The Novo-Vision™ Slant Top I was also extremely well received. It combines the advantages of the classic slant top with the gaming experience on two extra-wide panorama monitors with a 16:10 screen format. A bottom screen measuring 22 inches and a top screen measuring 26 inches guarantee intense and high-resolution graphics and open up new gaming perspectives.

The multi-player product line, in which NOVOMATIC has been a pioneer and undisputed global market leader for many years, was also expanded. The new TouchBet® Live-Blackjack and a new automatic multi-player poker table were also presented for the first time. Novo TouchBet® Live-Blackjack and Novo Texas Hold'em Poker™ are the first products to be based on the new and highly innovative multi-player Novo Unity™ platform.

Another very interesting product from the 2008 range is the Flexi-Link Jackpot System by the Australian manufacturer Independent Gaming Pty Ltd. Flex-Link is distributed on the EU markets by AGI as part of a strategic alliance. Flexi-Link is an ultra-modern networked computer jackpot system. In January 2008, AGI presented the first in a whole series of company-developed themes for this jackpot system.

AGI thus managed in 2008 to assert its strong market position on the European and above all Eastern and Southern European core markets and further expand this position. Rumania, Bulgaria, Croatia and the entire Balkan Region turned out to be strong growth markets.

In the global growth markets, the focus was, as was already the case in 2007, on the new Asian markets and the constant expansion in South America. With special products and sales promotions for the specific South-American markets, sales in countries such as Peru, Uruguay, Colombia, Argentina and Chile were significantly increased. Yet in Asia, too, especially in the Chinese Province of Macao, in the Philippines and Cambodia, sales were expanded and important contacts were made for 2009. Participation at the exhibitions in Buenos Aires and Manila, which before had not been on AGI's extensive exhibition calendar yet, brought excellent results.

In Germany, a successful product line and profitable sales strategy brought enormous gains in sales to the Group company NSM LÖWEN Entertainment GmbH. In 2008, the number of leased gaming machines increased once again. NSM LÖWEN Entertainment GmbH managed to achieve market leadership in this market segment in just two years' time.

Crown Technologies GmbH, taken over in 2007, also managed to continue the strong growth course on the German market. The newly introduced Admiral Crown Slant Top has now also established an excellent position on the German commercial gaming market as a very successful product. In November, the groundbreaking for the construction of a new building complex bringing together development, production and administration on a useable area of 7,200 sqm took place at the Crown factory premises in Rellingen.

In Hungary, the expansion of the production capacity of AGI Hungaria Kft's cable harness factory was started in Veszékény in 2008.

Thanks to a series of product innovations, the performance of Astra Games Ltd. (Astra) was also positive. The main focus of Astra Games, one of the leading British manufacturers of gaming equipment, is the development of gaming products specifically for the British market. Astra's headquarters, opened in Bridgend, Wales in 2007 with a total area of 7,500 sqm, has more than proven itself as a new competence centre, encompassing a number of research and development departments for the NOVOMATIC Group's game design, software development, graphic design and machine development areas.

In Spain, too, the market entry in 2007 was positive. Product licences for the Spanish regions of Andalusia, Aragon, Murcia and Madrid were granted in 2008.

After the groundbreaking in March, the start of construction of the new Group headquarters in Gumpoldskirchen (Austria) was rapidly advanced. For the future development of the NOVOMATIC Group, this investment represents a milestone in the company's history. In addition, all research and development divisions across Austria will be concentrated and the activities of all international competence centers will be coordinated in the new complex.

NOVOMATIC's fight against product piracy, which it began two years ago, was intensified in 2008 and has now delivered tangible results. In Russia the operator of a factory in the capital city of Moscow which had specialized in the manufacture of counterfeit NOVOMATIC gaming machines was convicted in spring. In the Summer, a defendant was also convicted of having illegally and in large quantities acquired, stored, transported and sold counterfeit products on a grand scale. In addition, the man plead guilty to producing copies of NOVOMATIC devices.

The biggest blow against product pirates was landed by the Russian authorities at the end of September in Kazan, capital of the Constituent Republic of Tatarstan where investigators found an entire factory during the largest raid against product pirates. With a production capacity of up to 2,500 counterfeit NOVOMATIC machines per month, this illegal factory represented an entirely new dimension of product piracy in the international gaming industry.

As a consequence of the fight against product piracy, the international gaming industry formed an alliance against the threat posed by organized theft of intellectual property in autumn 2008. AGI joined together with leading manufacturers from around the world in the Gaming Industry Piracy Alliance (GIPA) in order to press ahead with actions against piracy at the international level.

### 3.2. Operational Division

In 2008, too, NOVOMATIC was able to expand its position as a leading operator of electronic gaming casinos in core markets in Central and Eastern Europe and increasingly in South-Eastern Europe (SEE).

The Latvian subsidiary, Alfor SIA currently operates more than 5,000 gaming machines in electronic casinos and employs more than 1,400 employees. Through acquisitions during the reporting period, Alfor took over several dozen locations. In Estonia, after the takeover of a competitor, now more than 30 electronic casinos are operated by the NOVOMATIC Group.

AGI American Games Kft operates ten electronic casinos.

The expansion in South-Eastern Europe was intensified.

In Croatia, the expansion was once again rapidly continued in 2008. Market presence was further enhanced through some smaller acquisitions. By the end of the year, the number of electronic casinos rose to a total of 57 (2007: 35).

In Rumania, the successful market cultivation was advanced through additional acquisitions with the operation of now 50 gaming locations. In total, over 3,500 gaming machines are operated in Rumania in company-owned gaming locations and through leasing. In November 2008, the groundbreaking for the construction of a new administration building and service centre took place not far from Bucharest airport on a property measuring around 12,000 sqm. Completion of the complex with around 5,000 sqm of office and storage space is scheduled for autumn 2009.

In Bosnia and Albania, the wholly owned AGI subsidiaries founded back in 2006 continued their successful activities on the markets.

NOVOMATIC is now also represented in Serbia, Montenegro and Macedonia. In the Ukraine, the development of the market was further advanced.

Extra Games Entertainment GmbH, headquartered in Pfullendorf, Baden-Württemberg, Germany, expanded its business quite extensively. The number of electronic casinos increased during the reporting period from 105 to now 152 locations and in 2008 a number of existing locations were expanded or modernized. Despite the significant expansion in the past fiscal year, the earnings positions of the company did quite well. At the end of 2008, the move to the new administration building in Pfullendorf/Theuerbach took place.

In October 2008, the Monticello Grand Casino was opened in San Francisco de Mostazal near the Chilean capital of Santiago de Chile. The casino area was opened during an initial phase and offers on a floor space of 15,000 sqm, 1,500 gaming machines, 80 live game tables as well as a bingo facility for 300 guests. The entire complex with a five star hotel, conference center and shopping and entertainment area should reach overall completion and be put into operation by the end of 2009, thus forming one of the largest entertainment and casino resorts in Latin America. NOVOMATIC holds a 40 percent share and runs the company in partnership with internationally renowned and experienced operators in the gaming industry.

In Austria, one of the group's most successful gaming operations, the Casino Admiral in the Vienna Prater, Europe's largest betting casino, considerably expanded its gaming offering in the fourth year since it's opening.

Admiral Sportwetten GmbH increased its number of branches (including partner branches) from 170 to 182, thus further strengthening its position as the Austrian sports betting provider with the greatest number of branches. As one of the highlights of the reporting period, various activities were performed during the European Football Championship in Switzerland and Austria, EURO 2008. The main focus, as in previous years, was on the revitalization and technical modernization of existing

branches. Overall, in 2008 substantial investments were made both in construction and modernization of branch media equipment and computing technology.

HTM Hotel and Tourismus Management GmbH (HTM) had a total of 76 branch locations in Vienna, in 32 of which food services, too were also offered, during the reporting period. In all of the branches, gaming machines are operated in the framework of provincially regulated gaming.

Through the introduction of provincial regulated gaming in Lower Austria in 2006, 2008 turned out to be another year of expansion for AGI in Lower Austria, thanks to consistent implementation of the Admiral Entertainment concept: The number of branches rose from 19 to 28 of which twelve were operated in the Admiral Entertainment style with a café and 16 other locations without a café.

HTM also operates an Admiral sports betting shop in the Magna Racino in Ebreichsdorf as well as eight further locations (in cooperation with the companies Wettpunkt, PRS and Jackpot Hirschhofer GmbH). With the “Admiral am Kurpark”, HTM also operates a four star hotel in the spa town of Baden near Vienna.

Wett Cafe Betriebsgesellschaft m.b.H. has 36 locations in Styria, where slot machines are operated and sports betting is offered under provincially regulated gaming. Wett Cafe Betriebsgesellschaft m.b.H was also able to add to the business success of its the previous years during the reporting period.

NOVOMATIC AG further intensified its information offensive regarding gaming addiction prevention during the reporting period. For years now, addiction prevention has been a primary concern for NOVOMATIC within the scope the companys social responsibility. The group of companies advocates comprehensive consideration of non-substance-related addictions in order to be able to take measures toward efficient and targeted prevention.

An even more comprehensive competence network is now enhancing the area of responsible gaming. In 2008, in addition to the previous partners, the Anton Proksch Institute, Europe's most modern detox center, headquartered in Vienna and Lower Austria also agreed to cooperate. Based on the cooperation with scientific establishments a country-wide telephone helpline as well as regional non-profit self-help groups provide the best possible support for measures to prevent and control the danger of problematic gaming behavior. This system was also implemented in all of the Group's gaming locations in Croatia and further expansion is planned.

## 4. Group Financial Performance Indicators

### 4.1. Net Assets

Total assets rose compared to 31 December 2007 by 458.5 million EUR to 1,376.4 million EUR. On the asset side, this increase can be primarily attributed to the increase in long-term assets to the tune of 316.8 million EUR to 840.0 million EUR. The investments concerned primarily properties and buildings totaling 38.5 million EUR, investments in technical equipment and machines in the amount of 254.4 million EUR as well as 38.8 million EUR as investments in plant and equipment. Deferred taxes accounted for 24.9 million EUR in 2008 compared to 23.2 million EUR in 2007.

Current assets rose by a total of 141.7 million EUR to 536.4 EUR; inventories rose by 47.3 million EUR and accounts receivable and other receivables went up by 50.2 million EUR. Payment instruments amounted to 192.4 million EUR, 25.5 million EUR above the previous year's value. Short term financial assets went up by 15.2 million EUR to 25.1 million EUR.

Equity capital rose by 190.8 million EUR to 625.0 million EUR of which 37.8 million were minority interests. In addition, equity capital is made up of the registered capital of the NOVOMATIC AG totaling 26.0 million EUR, the capital reserves of 1.0 million EUR, retained earnings of 580.9 million EUR as well as valuation reserves per IAS 39 totaling -2.4 million EUR and the currency conversion adjustment item equal to -18.3 million EUR. The proportion of equity capital to total capital is now 45.4 percent compared to 47.3 percent in the previous year.

Long-term liabilities increased in the past fiscal year by 158 million EUR to 376.3 million EUR. The most significant changes come from the increase in long-term financial liabilities of 140.7 million EUR due to the taking out of a loan against a promissory note in the amount of 106.5 million EUR, the increase in other long-term liabilities by 8.6 million EUR and the rise in deferred tax liabilities by 6.6 million EUR.

Short-term liabilities increased in the past fiscal year by 109.7 million EUR to 375.1 million EUR. The most significant changes come from the increase in short-term provisions by 13.6 million EUR, the increase in tax liabilities by 36.2 million EUR and the increase in other short-term liabilities in the amount of 54.9 million EUR.

### 4.2. Financial Position

Across the group, cash flow from operating activities was 375.0 million EUR (2007: 291.5 million EUR).

Cash flow from investment activity amounted to 422.0 million EUR in 2008 and was due for the most part to investment in gaming machines and construction as a basis for further expansion.

Cash-flow from financing activity in 2008 amounted to 82.6 million EUR, mainly due to the taking out of a loan against a promissory note in the amount of 106.5 million EUR. As such, cash and cash equivalents went up compared to the previous year by 25.5 million EUR to 192.4 million EUR.

### **4.3. Earnings Position**

In the 2008 fiscal year, group turnover increased by approx. 321.0 million EUR to 1,281.2 million EUR which corresponds to a relative increase of 33.4 percent.

In the past fiscal year, capitalized services reached a value of 202.9 million EUR compared to 156.2 million EUR in the previous year.

Expenses for material and purchased services increased, as a result of the product expansion, by 86.9 million EUR to 486.6 million EUR. The Group's personnel costs amounted to 215.0 million EUR in 2008 and thus 16.8 percent of earnings (17.2 percent in the previous year). Other operating expenses increased due to the greater business expansion by 102.3 million EUR to 364.0 million EUR. The most significant increase was in expenses for taxes, insofar as these do not fall under income tax, as well as in other expenses.

The EBIT thus went up by 102.4 million EUR to 353.0 million EUR.

The financial result showed a decrease of -2.4 million EUR to -4.9 million EUR. Depreciations went up across the group due to the intensified investment activity by 61.1 million EUR to 139.7 million EUR.

Earnings before taxes (EBT) improved by 99.9 million EUR compared to the previous year. Earnings after taxes of 105.2 million EUR yielded an annual surplus of 242.9 million EUR (2007: 182.7 million EUR). Of this, minority interests accounted for 6.9 million EUR (compared to 13.2 million in the previous year).

## **5. Significant Events after the Financial Statement Date**

### **5.1. General**

At the beginning of 2009, significant parts of the Austrian production facilities were moved to the newly constructed factory at the site of the NOVOMATIC headquarters in Gumpoldskirchen. The entire complex of the new plant for research and development as well as the administrative headquarters should be finished in the fall of 2009.

The AGI subsidiary Astra Games entered into two cooperative ventures at the end of January. One of these was with the British television company British SKY Broadcasting (BSKYB). Since mid-March, Astra has supplied Sky Vegas, a BSKYB Group company, with games that are offered online as well as in the interactive service by Sky TV. BSKYB is a provider to around ten million households in Great Britain and operates several online Internet casinos in regulated markets. Another cooperative venture was entered into with the leading British provider of interactive online gaming services, Orbis OpenBet.

With these cooperative ventures, the NOVOMATIC Group has expanded its two mainstays production and operation by a third business field as a content provider for Internet and telecommunications providers in regulated markets through which additional earnings are generated in economically trying times.

## 5.2 Manufacturing Division

As a result of the international economic crisis, there is an increasing reluctance to invest in international casinos. Consequently, for 2009, declining sales revenues are expected for the NOVOMATIC Group.

This year again, the NOVOMATIC subsidiary AGI presented a host of new items just in time for the world's most important gaming trade show, the "International Casino Exhibition" 09 (ICE) in London.

So, for example the new server-based platform Novo Unity™ II was introduced as were Novo TouchBet® Live-Roulette, Novo Multi-Roulette™, Novo TouchBet® Live-Baccarat, Novo TouchBet® Live-Black Jack, Novo TouchBet® Live-Sic Bo, Novo Multi-Roulette™ as well as the new electronic live gaming table with Novo Texas Hold'em Poker™ and the Novo Wheel of Cash™.

The whole range of multi-player games was graphically revamped and transferred to the new Novo Unity™ II platform. Novo Unity™ II is an innovative platform for the flexible operation of all NOVOMATIC multi-player games in one network. This way, the operator can offer any desired number and combination of NOVOMATIC multi-player products on individual player terminals. This new flexibility is based on the network structure of the Novo Unity™ II installation setup. A databank server functions as a central interface for the communication of all connected game servers which manage the information from the peripheral devices and the individual player terminal.

This means that for the first time, multi-game functionality is offered for electronic Live games. User-friendly game management via the server-based operator menu provides unrivaled flexibility. The operator can organize his entire multi-player system in a detailed fashion, define custom groups, activate or block individual games on certain terminals and thus actively manage his multi-player offering and adapt it to different requirements.

In order to expand the multi-player game offering with additional games, the operator only needs the NOVOMATIC software package, the required game server and, if needed, the game-specific peripherals, such as, e.g. an optical dealer show for baccarat or blackjack. The range of available games includes all versions of NOVOMATIC roulette, blackjack, baccarat, sic bo and keno as well as the new live gaming table TX 01 with ten player terminals for all NOVOMATIC poker versions and the Novo Wheel of Cash™, a virtual roulette version which alternatively can be played on this table.

Additional extra features include multi-denomination and individual language selection for all games, live camera image insertion as well as a large number of additional bets, help menus, general navigation tabs and info screens which make electronic live gaming an impressive gaming experience.

Novo Unity™ II was developed as a platform for the future of multi-player games as a future-proof product on which the operator can rely. It forms the basis for a wide range of additional NOVOMATIC product developments.

The new features in the also Novo Vision™ Slant Top II and Novo-Bar™ cabinets were presented. The new Novo-Bar™ is not only the ideal solution for bar areas when limited space precludes the installation of a standard cabinet and which, thus until now could not be adequately integrated with the gaming floor. Novo-Bar™ is also available in an attractive slant top version terminal that perfectly complements the existing NOVOMATIC multi-player cabinet line.

Novo-Vision™ Slant Top II now also guarantees premium multi-player gaming comfort. This cabinet offers a 26 inch touch-bottomscreen plus an optional second 26 inch top screen.

In addition, a range of new games and cabinet innovations were developed for the successful Coolfire™ II platform.

A new multigame cabinet for the latest generation of Coolfire™ II multigame highlights was also introduced.

NSM LÖWEN once again lived up to its reputation as industry pacesetter at the German trade fair IMA in 2009. Both new products NOVO LINE III and NOVO STAR II are equipped with new, three-dimensional deluxe graphics. Crown Technologies GmbH also convinced with a product range which was presented at the IMA in the “Grand Crown Resort” in an exclusive casino setting and a tasteful atmosphere.

The international fight against product piracy was continued in 2009. In the Ukrainian capital Kiev, following raids by the authorities in several gaming locations at the end of February, counterfeit NOVOMATIC gaming machines were once more confiscated and extensive investigations were initiated.

### 5.3. Operational Division

Overall, for the first few months of the 2009 fiscal year, it is to be noted that the international economic crisis, with the exception of some individual countries, has not, to date, significantly impacted gaming. Clearly affected however are regions in which the macroeconomic development is currently strongly assuming negative dimensions (e.g. the Baltic region).

Various steps have been introduced (e.g. enhanced service offering, anti-cyclical investments in the expansion of gaming operations and equipment with the latest gaming equipment) in order to adapt the Group companies in the affected markets to the new conditions.

The Group of companies benefits from the fact that the negative trend resulting from the international economic crisis has, up to now, mainly affected the so-called destination gaming. The so-called local gaming, in which the Group does the vast majority of its business, has been considerably less affected up to now.

## 6. Research and Development

As an international trend-setter and innovator, NOVOMATIC AG has constantly invested amounts far beyond the industry average in research and development through its manufacturing subsidiary AGI. The leading in design, development, manufacturing and sales of highly innovative gaming equipment achieved in the Group of companies' eight internationally operating and interconnected competence centers should also be secured and increased in the coming years. This also applies to the more than 800 industrial property rights such as brands, patents and designs.

Besides attractive new games and new multi-player generations with card and dice games (baccarat, blackjack, sie bo, poker, etc.), the core topic of networking is gaining importance. Online billing systems, information systems and networked video lottery and video network terminals are becoming as important as state-of-the-art ticket technology. Through central servers, the product mix can be optimized during ongoing operation – this way e.g. the games offered are adapted to player demand. Networking is first and foremost useful for player security and to protect against manipulations. In addition, AGI is actively working on developing new technologies in the field of remote gaming.

Furthermore, server-based gaming is becoming more and more of a trend in the industry. Indeed, for the first time a common PC-based standard for the networking systems of devices from different manufacturers is beginning to emerge. AGI is already a Gold Member of the Gaming Standards Association and has already developed sophisticated technologies in order to be able to enter this market segment once the remaining issues regarding the protection of the applicable intellectual property have been settled.

## 7. Risks

### 7.1. Legislative Risks

Legislative risks can arise out of the dependence on and changes in laws, directives and regulations, especially in the area of licensing for the operation of gaming institutions and in the area of production, distribution and product licences. In addition, there are risks in the area of product liability, consumer protection and due to heightening of international money laundering prevention.

### 7.2. Changes in Customer Behavior

Due to the diverse recreation and entertainment offering, customer behavior is constantly changing. As such, product adaptations and constant new innovations are necessary in order to assert the market position in the target markets. It cannot be ruled out that customer or consumer wishes may not be recognized at all or not in a timely fashion.

### 7.3. Technological Change Risk

NOVOMATIC AG is active in an high-tech market, in which new technologies are developed or used within short innovation cycles. It cannot be ruled out that innovative technologies and developments may not be developed or harnessed at all or in a timely fashion.

### 7.4. Operating Risks

The risk of business interruption and economic loss due to fire and burglary are covered by an all risk insurance policy.

## 8. Financial Instruments

At NOVOMATIC AG, interests in affiliated companies and receivables and liabilities vis-à-vis affiliated companies represent significant financial instruments. In order to monitor the default risk, the board keeps abreast of the relevant developments in these companies through regular group controlling reports. The board also keeps apprised of the ongoing trend in earnings through regular group controlling reports. The ongoing earnings trend is compared on a monthly basis with the approved annual budget and verified for deviations. The default risk or liquidity risk is therefore considered to be low.

Another financial instrument at NOVOMATIC AG is the ongoing monitoring of the changes in receivables. In order to minimize the risk involved with receivables, compliance with payment periods allowed to the customers is continuously monitored. If the payment period is exceeded, the management is immediately notified and proceeds to instigate appropriate collection measures. In addition, with some customers, the risk of default is also secured with bank bonds.

The considerable cash holdings resulting from the business are protected against misappropriation through internal control measures.

Current liabilities are paid for out of the cash flow. In order to manage liquidity, sufficient credit lines are held at borrower's banks.

In order to cover interest rate risks, the current interest rate trends are constantly monitored and hedged if needed.

In order to limit currency risks, changes in the corresponding exchange rates are constantly monitored with transactions carried out in foreign currency. If needed, these transactions are hedged so as to minimize the risk of exchange losses.

## 9. Non-financial Performance Indicators

### Employee Issues

As of December 31<sup>st</sup>, 2008, there were 9,389 employees working at the NOVOMATIC Group and 24 salaried staff members at NOVOMATIC AG. Here the NOVOMATIC Group stands out in Austria through a younger than average employee structure with a high proportion of women and a mix of nationalities.

In order to take even better advantage of the employee's performance potential for the future, in 2008 a new personnel management department was established at the Group level. Professional recruiting of young employees and specialists, targeted personnel and management development and modern personnel controlling are the focus of this reorganization. Increased investments in employee qualifications and motivation should continue to ensure and expand the high value creation per employee in the future.

In order to support the common orientation of all employees in the Group, in 2008 a NOVOMATIC code of conduct was drafted. Central corporate values such as quality consciousness, responsibility, respect and loyalty of every single employee come to the fore.

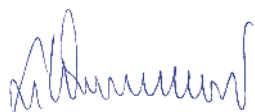
## 10. Acknowledgements

Specials thanks go out to all employees of NOVOMATIC AG and its subsidiaries, without which the renewed successes would not have been possible. We are especially indebted to the owner, Prof. Johann F. Graf, as well as the supervisory board, chaired by Senator KR Herbert Lugmayr: They have significantly contributed to the positive upward trend of NOVOMATIC AG and have thus once again created the basis for a successful future. With thanks, we would also like to call attention to the positive relationship with our capital providers and business partners which led to a prosperous and always enjoyable collaboration.

Especially in an industry which changes so quickly and which is always characterized by new customer requirements, particular efforts and cooperation based on mutual trust of all involved are necessary to implement and achieve our common objectives. All those involved have once again proven just how capable they are of doing so.

Gumpoldskirchen, April 30<sup>th</sup>, 2009

NOVOMATIC AG



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO

# Cons. Balance Sheet

as of 12/31/2008

ASSETS	Notes	12/31/2008 (TEUR)	12/31/2007 (TEUR)
<b>Non-current assets</b>			
Intangible assets	(1)	77,367	45,098
Property, plant and equipment	(2)	650,497	413,249
Investment property	(3)	474	474
Investments in associated companies	(4)	39,718	11,040
Non-current financial assets	(5)	14,092	22,668
Deferred tax assets	(6)	24,857	23,176
Other non-current assets	(7)	33,028	7,454
		<b>840,033</b>	523,159
<b>Current assets</b>			
Inventories	(8)	138,690	91,424
Trade and other receivables	(9)	174,712	124,513
Current tax receivables	(6)	5,429	1,956
Current financial assets	(10)	25,136	9,925
Cash and cash equivalents	(11)	192,415	166,891
		<b>536,382</b>	394,709
<b>Total ASSETS</b>		<b>1,376,415</b>	917,868
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital	(12)	26,000	26,000
Capital reserves	(13)	976	976
Retained earnings	(14)	580,877	377,774
Revaluation reserve acc. IAS 39	(15)	-2,425	675
Currency translation adjustment	(16)	-18,314	-3,809
		<b>587,114</b>	401,616
Minority interest	(17)	37,864	32,585
		<b>624,978</b>	434,201
<b>Non-current Liabilities</b>			
Long term financial liabilities	(18)	324,343	183,622
Long term provisions	(19)	21,318	19,144
Deferred tax liabilities	(6)	14,188	7,628
Other non current liabilities	(20)	16,483	7,879
		<b>376,332</b>	218,273
<b>Current Liabilities</b>			
Short term financial liabilities	(21)	78,451	73,433
Short term provisions	(22)	40,518	26,920
Current tax liabilities	(6)	78,536	42,363
Trade and other liabilities	(23)	177,600	122,678
		<b>375,105</b>	265,394
<b>Total LIABILITIES AND EQUITY</b>		<b>1,376,415</b>	917,868

# Consolidated Income Statement

for the financial year 2008

	Notes	01 – 12/2008 (TEUR)	01 – 12/2007 (TEUR)
Sales	(24)	1,281,253	960,247
Changes in inventories of finished goods and work in progress	(25)	41,532	12,351
Own work capitalized	(25)	202,910	156,220
Other operating income	(26)	32,609	26,860
Cost of material and other purchased services	(27)	-486,582	-399,679
Personnel cost	(28)	-215,042	-164,984
Amortization of intangible and depreciation of tangible assets	(29)	-139,695	-78,627
Other operating expenses	(30)	-364,011	-261,741
<b>Operating profit</b>		<b>352,974</b>	250,647
Share of the profit/loss of associated companies	(31)	-6,007	2,082
Financial income	(32)	22,669	8,711
Financial expenses	(33)	-21,551	-13,270
<b>Financial result</b>		<b>-4,889</b>	-2,477
<b>Profit before taxes</b>		<b>348,085</b>	248,170
Income taxes	(34)	-105,227	-65,477
<b>Profit after taxes</b>		<b>242,858</b>	182,693
<b>Thereof attributable to minority interests</b>		6,871	13,200
<b>Thereof attributable to equity holders of the parent (net profit for the year)</b>		<b>235,987</b>	169,493

## Consolidated cash-flow statement

	01 – 12/2008 (TEUR)	01 – 12/2007 (TEUR)
<b>Operating Profit</b>	<b>352,974</b>	<b>250,647</b>
Income/Loss from the disposal of fixed assets	-563	-3,033
Depreciation/Appreciation of fixed assets	139,695	78,550
Differences due to consolidation	288	1,696
Other non-cash expenses/revenues	-182	-1,573
Interest received	19,042	6,724
Change in inventories, trade receivables and other assets	-128,090	-47,599
Change in provisions, trade liabilities and other liabilities	61,463	54,972
Taxes paid	-69,606	-47,147
<b>Cash-Flow from operating activities</b>	<b>375,021</b>	<b>293,237</b>
Proceeds from the disposal of fixed assets (excluding financial assets)	38,982	40,745
Proceeds from financial assets and other financial investments	1,435	1,974
Proceeds from the sale of consolidated companies	486	319
Expenditures for additions to fixed assets (excluding financial assets)	-402,483	-282,870
Expenditures for additions to financial assets and other financial investments	-40,491	-10,147
Expenditures for acquisition of companies	-21,399	-6,990
Net proceeds from associated companies and investments	1,443	1,666
<b>Cash-Flow from investing activities</b>	<b>-422,027</b>	<b>-255,303</b>
Dividend payments	-33,631	-36,425
Payments received from other shareholders	2,132	1,627
Expenditures for bank loans and financial liabilities	133,490	56,590
Interest paid	-19,360	-11,273
<b>Cash-Flow from financing activities</b>	<b>82,631</b>	<b>10,519</b>
<b>Change in cash and cash equivalents affecting payment</b>	<b>35,625</b>	<b>48,453</b>
Translation adjustments	-14,916	-2,531
Changes in cash and cash equivalents due to changes in scope of consolidation	4,814	0
<b>Change in cash and cash equivalents</b>	<b>25,523</b>	<b>45,922</b>
Cash and cash equivalents at the beginning of the year	166,892	120,970
Cash and cash equivalents at the end of the year	192,415	166,892
<b>Change in cash and cash equivalents</b>	<b>25,523</b>	<b>45,922</b>

## Statement of changes in shareholders' equity

All values in TEUR	Shares of the equity holders of NOVOMATIC AG						Minority interests	Shareholders' equity
	Share capital	Capital reserve	Retained Earnings	Reserves acc. IAS 39	Translation component	Total		
<b>Balance on 01/01/2008</b>	26,000	976	377,774	675	-3,809	401,616	32,585	434,201
1) Dividend payments			-30,000			-30,000	-3,631	-33,631
2) Foreign exchange adjustments resulting from translation of a foreign operation					-14,505	-14,505	-771	-15,276
3) Income/Expense realized in the year under report								
a) Items recognized directly in equity Unrealised profit (+) / loss (-) from valuation of securities				-3,100		-3,100		-3,100
b) Net income			235,987			235,987	6,871	242,858
Total income for the year	0	0	235,987	-3,100	0	232,887	6,871	239,758
4) Change in minority interests			-1,574			-1,574	2,553	979
5) Changes in scope of consolidation			-1,310			-1,310	257	-1,053
<b>Balance on 12/31/2008</b>	<b>26,000</b>	<b>976</b>	<b>580,877</b>	<b>-2,425</b>	<b>-18,314</b>	<b>587,114</b>	<b>37,864</b>	<b>624,978</b>

All values in TEUR	Shares of the equity holders of NOVOMATIC AG						Minority interests	Shareholders' equity
	Share capital	Capital reserve	Retained Earnings	Reserves acc. IAS 39	Translation component	Total		
<b>Balance on 01/01/2007</b>	26,000	976	239,998	2,573	-1,279	268,268	17,860	286,128
1) Dividend payments			-30,000			-30,000	-1,250	-31,250
2) Foreign exchange adjustments resulting from translation of a foreign operation					-2,530	-2,530	-45	-2,575
3) Income/Expense realized in the year under report								
a) Items recognized directly in equity Unrealised profit (+) / loss (-) from valuation of securities				-1,898		-1,898		-1,898
b) Net income			169,493			169,493	13,201	182,694
Total income for the year	0	0	169,493	-1,898	0	167,595	13,201	180,796
4) Change in minority interests			-1,717			-1,717	2,819	1,102
5) Changes in scope of consolidation								
<b>Balance on 12/31/2007</b>	<b>26,000</b>	<b>976</b>	<b>377,774</b>	<b>675</b>	<b>-3,809</b>	<b>401,616</b>	<b>32,585</b>	<b>434,201</b>

# Consolidated Financial Statement

As of December 31<sup>st</sup>, 2008

Notes

## Basis of Preparation and Methods

### Information about the company

The NOVOMATIC Group consists of the NOVOMATIC AG and its subsidiaries. NOVOMATIC AG is a public limited company according to the Austrian legislation and its registered office is in Gumpoldskirchen, Austria. The company's address is NOVOMATIC AG, Wiener Straße 158, 2352 Gumpoldskirchen. The company is filed in the Register of Companies maintained by the Regional Court of Wiener Neustadt under FN 69548 b. The NOVOMATIC group is one of the largest integrated gaming corporations in the world. The organizations united in the holding company operate in the entire spectrum of the gaming and entertainment industry.

Its field of activities and range of services comprise:

- Development, production and sale of gaming machines as well as casino equipment
- Planning, construction and management of casinos
- Operation of electronic casinos, Live Game casinos, bingos, lotteries and international betting agencies
- Casino and entertainment technologies
- Commitment to innovative technologies
- Networking systems

### Accounting Principles

The present consolidated financial statement as of December 31<sup>st</sup>, 2008 was prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The business year corresponds to the calendar year. The financial statements of every domestic or foreign company included in the consolidated financial statement 2008 were prepared as of the balance sheet date of the consolidated financial statements.

The consolidated financial statement is set up in euros. For the purpose of clarity, all items in the consolidated financial statement are shown in thousand euros (TEUR). Because of the financial rounding of values and percentages insignificant differences can occur.

## Application of new and amended accounting standards and interpretations

At the date of the release of this financial statement the following standards and interpretations were already published but not yet mandatory and were not voluntarily applied in advance:

Revision of IAS 1 "Presentation of Financial Statements"	To apply for business years beginning on or after January 1 <sup>st</sup> , 2009.
Amendment of IAS 23 "Borrowing Costs"	To apply for business years beginning on or after January 1 <sup>st</sup> , 2009.
Amendment of IAS 27 "Consolidated and Separate Financial Statements according to IFRS"	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
Amendment of IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" concerning puttable financial instruments and obligations arising on liquidation	To apply for business years beginning on or after January 1 <sup>st</sup> , 2009.
Amendment of a set of IFRS as result of the first improvement project 2007	To apply for business years beginning basically on or after January 1 <sup>st</sup> , 2009.
Revision of IFRS 1 "First-time Application of IFRS"	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009.
Amendment of IFRS 1 "First-time Application of IFRS" and of IAS 27 "Consolidated and Separate Financial Statements according to IFRS" concerning costs of investment in a subsidiary, a jointly controlled entity or an associate	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009.
Amendment of IFRS 2 "Share-based Payment" concerning vesting conditions and cancellation	To apply for business years beginning on or after January 1 <sup>st</sup> , 2009.
Amendment of IFRS 3 "Business Combinations"	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
Amendment of IFRS 7 "Financial Instruments: Disclosures" concerning improved disclosures of financial instruments	To apply for business years beginning on or after January 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
IFRS 8 „Operating Segments “	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009.
Amendment of IAS 39 "Financial Instruments: Recognition and Measurement" concerning eligible hedged items	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
Amendment of IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement"	To apply for business years beginning on or after June 30 <sup>th</sup> , 2009; not yet adopted by EU legislation.
IFRIC 12 "Service Concession Arrangements"	To apply for business years beginning on or after January 1 <sup>st</sup> , 2008 (adopted with March 2009 by EU legislation)
IFRIC 13 "Customer Loyalty Programs"	To apply for business years beginning on or after July 1 <sup>st</sup> , 2008.
IFRIC 15 "Agreements for the Construction of Real Estate"	To apply for business years beginning on or after January 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	To apply for business years beginning on or after October 1 <sup>st</sup> , 2008; not yet adopted by EU legislation.
IFRIC 17 "Distributions of Non-cash Assets to Owners"	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
IFRIC 18 "Transfers of Assets from Customers"	To apply for business years beginning on or after July 1 <sup>st</sup> , 2009; not yet adopted by EU legislation.
Clarification of the coming into effect of the amendments concerning IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" for "Reclassification of Financial Instruments"	To apply from July 1 <sup>st</sup> , 2008.

The NOVOMATIC Group does not expect any significant repercussions resulting from the first-time application of the standards and interpretations mentioned above on its financial position and its results of operation.

### **Scope of consolidation**

As the highest parent company, NOVOMATIC AG prepares the consolidated financial statement. These financial statements comprise NOVOMATIC AG and the companies it controls. The control over a subsidiary is presumed if the NOVOMATIC AG owns directly or indirectly through an affiliate more than 50% of the votes of this company and therefore has the power to govern its financial and operating policies so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the group gains control over the company. The inclusion in the consolidated financial statement ends when the parent no longer exercises control over the subsidiary.

The equity-method is applied for companies that are under significant influence of, but cannot be considered controlled by the NOVOMATIC AG.

During the year 2008 the group has acquired or founded the following subsidiaries:

- HTL Invest LCC, Ukraine (100%)
- NT Gaming S.r.l., Italy (60%)
- Inmobiliaria Rapid S.A.C., Peru (100%)
- HTL Macedonia DOOEL, Macedonia (100%)
- HRG Formenbau + Kunststofftechnik GmbH, Austria (80%)
- Hirscher Moneysystems GmbH, Germany (80%)
- 3Z d.o.o., Croatia (100%)
- Internacionalne Casino Igre d.o.o., Croatia (100%)
- Tempo-Star d.o.o., Croatia (100%)
- Captura d.o.o., Croatia (100%)
- Zeton d.o.o., Croatia (100%)
- Novo Investment OU, Estonia (100%)
- Allstar Italiana S.r.l., Italy (100%)
- Golden Games S.r.l., Italy (60%)
- Sluma Games S.r.l., Italy (70%)
- Admiral Klubs SA, Latvia (100%)
- AKO-LEK d.o.o., Serbia (100%)
- Masterbet DOO, Macedonia (100%)

As of January 1<sup>st</sup>, 2008, the following existing companies were included in the scope of consolidation for the first time:

- NOVOMATIC Gaming Spain S.A., Spain (100%)
- Admiral Slots S.A., Spain (60%)
- Admira d.o.o., Serbia (70%)
- Novo Investment d.o.o., Serbia (100%)
- HTL Montenegro d.o.o., Montenegro (100%)
- Admiral Gaming Andalucia S.A., Spain (70%)
- Novogaming Vilnius UAB, Lithuania (100%)
- Novo Invest Bulgaria EOOD, Bulgaria (100%)
- AGI European Games Kft., Hungary (100%)

Affiliated companies, whose influence on the financial position and on the results of operation of the group is marginal, are not included in the scope of the fully consolidated companies but are shown as financial assets at acquisition costs.

Therefore the scope of consolidation shows the following development:

Consolidation scope	Fully consolidated	At Equity Valuation
Balance on 12/31/2007	61	8
First-time inclusion in 2008	27	2
Released in 2008	-1	-1
Merged in 2008	-1	0
Switched to equity valuation in 2008	-1	1
Balance on 12/31/2008	85	10
Thereof foreign companies	71	8

#### Fully consolidated companies

IC-Code	Company, Domicile	Super-ordinate company	Direct share	Indirect share	Equity (TEUR)	Profit for the year (TEUR)
ADMICS	Admira d.o.o., Serbia	NOVOC	70.00%	70.00%	280	2
ADGAES	Admiral Gaming Andalucia S.A., Spain	NOGES	70.00%	70.00%	16	-478
AICHR	Admiral International Casinos d.o.o., Croatia	NOGHR	100.00%	100.00%	-1,601	587
AISSIT	Admiral Italia Scommesse Sportive s.r.l., Italy	ALLIT	100.00%	100.00%	3,521	-672
AKMSI	Admiral Kazino Mediterraan d.o.o., Slovenia	NOVSI	100.00%	100.00%	335	-48
ADSLES	Admiral Slots S.A., Spain	NOGES	60.00%	60.00%	-833	-894
ASBUK	Admiral Sports Betting Ltd., United Kingdom	ASW	100.00%	100.00%	-1,870	349
ASW	Admiral Sportwetten GmbH, Austria	AGI	100.00%	100.00%	4,183	930
ADMILV	Admiralu Klubs SA, Latvia	AGI	100.00%	100.00%	10,257	-4,645
ADRIT	Adria Gaming International S.p.A., Italy	NAG	100.00%	100.00%	14,515	-401
ADRIAL	Adriatic Game Sh.A., Albania	EAGAL	100.00%	100.00%	1,558	-11
AAGHU	AGI American Games Kft., Hungary	AGIHU	100.00%	100.00%	652	-556
SENHU	AGI European Games Kft., Hungary	WEC	100.00%	100.00%	26	-30
AGIHU	AGI Hungaria Kft., Hungary	AGI	100.00%	100.00%	23,827	2,191
AKOCS	AKO-LEK d.o.o., Serbia	NOVOC	100.00%	100.00%	-17	-19
ALFLV	Alfor SIA, Latvia	AGI	60.00%	60.00%	65,727	11,263
ALGAST	Alvast Gastronomie GmbH, Austria	AGI	100.00%	100.00%	805	144
ALLIT	Allstar Italiana S.r.l., Italy	ADRIT	100.00%	100.00%	8,694	-87
ALSGRU	ALS Group OOO, Russia	AGI	60.00%	60.00%	140	-87
ALSRU	ALS OOO, Russia	ALSGRU	60.00%	100.00%	1	79
NEE	AS Novoloto, Estonia	NAG	100.00%	100.00%	1,932	-4,427
ASTUK	Astra Games Ltd., United Kingdom	AGI	90.00%	90.00%	4,680	-1,097
AGI	Austrian Gaming Industries GmbH, Austria	NAG	100.00%	100.00%	474,743	133,926
AUTEC	Autec AutomatenbetriebsgmbH, Austria	AGI	90.00%	90.00%	1,205	-20
BARKLV	Barclays Speles SIA, Latvia	AGI	60.00%	60.00%	4,352	61
MATAHR	Captura d.o.o., Croatia	NOGHR	100.00%	100.00%	312	-49
CROPE	Crown Gaming S.A.C., Peru	NOVOPE	60.00%	60.00%	8,092	2,876
CRODE	Crown Technologies GmbH, Germany	AGI	93.00%	93.00%	10,170	9,186
EAGAL	Eagle Investment Sh.A, Albania	AGI	100.00%	100.00%	11,846	1,686
ERBAHR	Erba d.o.o., Croatia	NOGHR	100.00%	100.00%	536	-1
EXTDE	Extra Games Entertainment GmbH, Germany	AGI	86.00%	86.00%	19,190	1,500
GAM	G.A.M.E. SYS Geldspiel-Automaten-Miet_Elektronik-System GmbH, Austria	AGI	100.00%	100.00%	1,595	181
GUB	Gastronomie-u.Unterhaltungselektronik Betriebs GmbH, Austria	HTM	100.00%	100.00%	2,451	323
GOLDIT	Golden Games S.r.l., Italy	ADRIT	60.00%	60.00%	658	-131
HIRDE	Hirscher MoneySystems GmbH, Germany	CRODE	74.40%	80.00%	1,724	249
HRG	HRG Formenbau + Kunststofftechnik GmbH, Austria	AGI	80.00%	80.00%	952	-134
HTSI	HT Management d.o.o., Slovenia	NOVOSI	100.00%	100.00%	2,526	-233
HTLBA	HTL d.o.o. Sarajevo, Bosnia and Herzegovina	AGI	100.00%	100.00%	3,844	475

## Companies consolidated at equity

IC-Code	Company, Domicile	Super-ordinate company	Direct share	Indirect share	Equity (TEUR)	Profit for the year (TEUR)
ALWSA	AGI Africa (PTY) Ltd., South-Africa	AGI	100.00%	100.00%	3,215	816
ESTRPL	Estrada Polska Sp.z.o.o., Poland	NPL	0	25.56%	5,329	2,485
GSM	Giochi San Marino S.p.a., San Marino	AGI	26.54%	26.54%	6,311	-1,283
NOSUCL	Novo Sun S.A., Chile	NHCCL	50.00%	50.00%	129,306	-20,799
POL	H.Polanz GmbH, Austria	WEC	50.00%	50.00%	4,208	810
PRAGA	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Austria	NAG	47.50%	47.50%	999	-1
OCTUS	Octavian Global Technologies Inc., USA	AGI	31.20%	31.20%	-10,419	-7,653
UGIRU	OOO United Gaming Industries, Russia	AGI	50.00%	50.00%	1,656	-62
SIMKDE	SIM Spielbanken, Investitions- Beteiligungs- und Management GmbH & Co.KG, Frankfurt (Germany)	NAG	49.00%	49.00%	8,229	1,502
SIMDE	SIM Spielbanken, Investitions- und Management GmbH, Frankfurt (Germany)	NAG	49.00%	49.00%	53	2

## Not consolidated affiliated companies

IC-Code	Company, Domicile	Super-ordinate company	Direct share	Indirect share
CLUBUK	Admiral Club Ltd., United Kingdom	AGI	100%	100%
AGSIT	Adria Gaming Services S.r.l., Italy	ADRIT	100%	100%
AGIAR	AGI Argentina Limitada S.R.L., Argentina	AGI	95%	95%
CHECL	Chilean Enterprises S.p.A., Chile	NHCCL	100%	100%
CONDE	Condor GmbH, Germany	CRODE	93%	100%
ERBFHR	Erba Fortunatus d.o.o., Croatia	ERBAHR	100%	100%
FORTDE	Fortumat Spiel- und Automatenbetriebs GmbH, Germany	NSMLDE	100%	100%
FRIBY	Fri Game COOO, Belarus	AZATLT	80%	100%
FUTHR	Futura Casinos d.o.o., Croatia	AICHR	100%	100%
GBT	GBT Products and Technologies VertriebsGmbH, Austria	AUTEC	90%	100%
GMT	GMT Gastro-Maschinen-Technik GmbH, Austria	HTM	100%	100%
IGRORU	Igrotech OOO, Belarus	AZATLT	79.20%	99%
IGRARU	Igrotechnika OOO, Russia	AZATLT	80%	100%
MEDHR	Mediterran Gaming d.o.o., Croatia	NOGHR	100%	100%
IVGDE	Novo Immobilien Verwaltungsges.m.b.H., Germany	IKGDE	99.80%	100%
NEVUS	Novo Nevada Inc., USA	NAG	100%	100%
NOVOBA	NOVO RS, Republika Srpska	AGI	100%	100%
COLUS	NOVOMATIC Colorado Inc., USA	AGI	100%	100%
NOVONA	NOVOMATIC Namibia (Pty) Ltd., Namibia	NAG	100%	100%
SWIT	SW S.R.L., Italy	ALLIT	100%	100%
TAT	Tatschl GmbH, Austria	AGI	100%	100%

## Acquisitions

### HRG Formenbau + Kunststofftechnik GmbH

As of March 18<sup>th</sup>, 2008, the group agreed to acquire an 80% interest through the wholly-owned subsidiary Austrian Gaming Industries GmbH in HRG Formenbau + Kunststofftechnik GmbH.

The fair value of the identifiable assets and liabilities of HRG Formenbau + Kunststofftechnik GmbH at the acquisition date March 31<sup>st</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	0	0
Property, plant, equipment	190	8	198
Financial assets	0	0	0
Other non-current assets	25	0	25
Deferred tax assets	0	0	0
Inventories	8	0	8
Cash and cash equivalent	1	0	1
Other current assets	290	0	290
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-436	0	-436
<b>Net Assets</b>	<b>78</b>	<b>8</b>	<b>86</b>
<b>Acquired net assets</b>			<b>69</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	600
Minus acquired net assets	-69
<b>Goodwill</b>	<b>531</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	600
Liquid funds of the purchased company	-1
<b>Investment in subsidiary</b>	<b>599</b>

**Admiralu Klubs SA**

With the acquisition of a 100% interest in Admiralu Klubs SA on July 31<sup>st</sup>, 2008 through Austrian Gaming Industries GmbH, one of the biggest Latvian gaming suppliers was integrated in the consolidated financial statements.

The fair value of the identifiable assets and liabilities of Admiralu Klubs SA at the acquisition date July 31<sup>st</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	15,520	15,520
Property, plant, equipment	7,589	-10	7,579
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	0	2	2
Inventories	43	0	43
Cash and cash equivalent	331	0	331
Other current assets	709	0	709
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	-624	-2,328	-2,952
Short term liabilities and provisions	-6,283	0	-6,283
<b>Net Assets</b>	<b>1,765</b>	<b>13,184</b>	<b>14,949</b>
<b>Acquired net assets</b>			<b>14,949</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	16,211
Minus acquired net assets	-14,949
<b>Goodwill</b>	<b>1,262</b>

The purchase price was settled in cash in the amount of TEUR 9,485 and through the conversion of receivables in the amount of TEUR 6,726, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	9,485
Liquid funds of the purchased company	-331
<b>Investment in subsidiary</b>	<b>9,154</b>

**Masterbet d.o.o.**

After the approval of the antitrust authority, as of September 30<sup>th</sup>, 2008, the group acquired a 60% interest in one of the leading Macedonian gaming suppliers, Masterbet d.o.o. Through exercising an option right, the remaining 40% passed into the ownership of Austrian Gaming Industries GmbH.

The fair value of the identifiable assets and liabilities of Masterbet d.o.o. at the acquisition date September 30<sup>th</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	670	288	958
Property, plant, equipment	1,463	185	1,648
Financial assets	0	0	0
Other non-current assets	1,461	0	1,461
Deferred tax assets	0	0	0
Inventories	46	0	46
Cash and cash equivalent	370	0	370
Other current assets	111	0	111
Minority interest	0	0	0
Long term liabilities and provisions	-3	0	-3
Deferred tax liabilities	0	-10	-10
Short term liabilities and provisions	-231	-370	-601
<b>Net Assets</b>	<b>3,887</b>	<b>93</b>	<b>3,980</b>
<b>Acquired net assets</b>			<b>3,980</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	2,917
40% option right recognized as purchase price liability	2,083
Minus acquired net assets	-3,980
<b>Goodwill</b>	<b>1,020</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	2,917
Liquid funds of the purchased company	-370
<b>Investment in subsidiary</b>	<b>2,547</b>

**Hirscher Moneysystems GmbH**

As of May 31<sup>st</sup>, 2008, the German subsidiary Crown Technologies GmbH acquired an 80% interest in Hirscher Moneysystems GmbH which main business activities include the development, production and distribution from money change machines and similar automats.

The fair value of the identifiable assets and liabilities of Hirscher Moneysystems GmbH at the acquisition date May 31<sup>st</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	299	299
Property, plant, equipment	38	0	38
Financial assets	0	0	0
Other non-current assets	47	-47	0
Deferred tax assets	0	0	0
Inventories	736	0	736
Cash and cash equivalent	601	0	601
Other current assets	263	0	263
Minority interest	0	0	0
Long term liabilities and provisions	-44	44	0
Deferred tax liabilities	0	-86	-86
Short term liabilities and provisions	-377	0	-377
<b>Net Assets</b>	<b>1,264</b>	<b>210</b>	<b>1,474</b>
<b>Acquired net assets</b>			<b>1,180</b>

Based on the established fair value, the breakdown of purchase price presents itself as follows:

In TEUR	2008
Purchase price	1,480
Minus acquired net assets	-1,180
<b>Goodwill</b>	<b>300</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	1,480
Liquid funds of the purchased company	-601
<b>Investment in subsidiary</b>	<b>879</b>

**Inmobiliaria Rapid S.A.C.**

As of March 31<sup>st</sup>, 2008, the 60% subsidiary of NOVOMATIC Peru S.A.C., Crown Gaming S.A.C., acquired 100% of Inmobiliaria Rapid S.A.C.

The fair value of the identifiable assets and liabilities of Inmobiliaria Rapid S.A.C. at the acquisition date March 31<sup>st</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	570	-184	386
Property, plant, equipment	2,014	-149	1,865
Financial assets	46	0	46
Other non-current assets	12	0	12
Deferred tax assets	24	291	315
Inventories	395	-369	26
Cash and cash equivalent	194	0	194
Other current assets	1,135	-172	963
Minority interest	0	0	0
Long term liabilities and provisions	-332	3	-329
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-1,360	0	-1,360
<b>Net Assets</b>	<b>2,698</b>	<b>-580</b>	<b>2,118</b>
<b>Acquired net assets</b>			<b>2,118</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	2,148
Minus acquired net assets	-2,118
<b>Goodwill</b>	<b>30</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	2,148
Liquid funds of the purchased company	-194
<b>Investment in subsidiary</b>	<b>1,954</b>

**AKO-LEK d.o.o.**

With the resolution of July 23<sup>rd</sup>, 2008, the Serbian subsidiary Novo Investment d.o.o. acquired a 100% interest in AKO-LEK d.o.o.

The fair value of the identifiable assets and liabilities of AKO-LEK d.o.o. at the acquisition date August 1<sup>st</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	0	0
Property, plant, equipment	0	0	0
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	0	0	0
Inventories	0	0	0
Cash and cash equivalent	0	0	0
Other current assets	1	0	1
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-1	0	-1
<b>Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Acquired net assets</b>			<b>0</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	83
Minus acquired net assets	0
<b>Goodwill</b>	<b>83</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	83
Liquid funds of the purchased company	0
<b>Investment in subsidiary</b>	<b>83</b>

**Internacionalne Casino Igre d.o.o. und 3Z d.o.o.**

As of May 31<sup>st</sup>, 2008, the 100% subsidiary of Austrian Gaming Industries GmbH, Novo Gaming d.o.o., acquired a 100% interest in Internacionalne Casino Igre d.o.o. and their subsidiary 3Z d.o.o..

The fair value of the identifiable assets and liabilities of both of the companies at the acquisition date May 31<sup>st</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	15	994	1,009
Property, plant, equipment	626	-513	113
Financial assets	271	375	646
Other non-current assets	92	-28	64
Deferred tax assets	0	0	0
Inventories	24	-23	1
Cash and cash equivalent	119	0	119
Other current assets	177	-12	165
Minority interest	0	0	0
Long term liabilities and provisions	-501	0	-501
Deferred tax liabilities	0	-191	-191
Short term liabilities and provisions	-235	0	-235
<b>Net Assets</b>	<b>588</b>	<b>602</b>	<b>1,190</b>
<b>Acquired net assets</b>			<b>1,190</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	2,635
Minus acquired net assets	-1,190
<b>Goodwill</b>	<b>1,445</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	2,635
Liquid funds of the purchased company	-119
<b>Investment in subsidiary</b>	<b>2,516</b>

**Tempo-Star d.o.o.**

As of June 30<sup>th</sup>, 2008, a 100% interest in Tempo-Star d.o.o. was acquired by Novo Gaming d.o.o with the objective of a further expansion on the Croatian market.

The fair value of the identifiable assets and liabilities of Tempo-Star d.o.o. at the acquisition date June 30<sup>th</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	870	870
Property, plant, equipment	144	-7	137
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	0	0	0
Inventories	3	0	3
Cash and cash equivalent	39	0	39
Other current assets	90	-6	84
Minority interest	0	0	0
Long term liabilities and provisions	-43	0	-43
Deferred tax liabilities	0	-68	-68
Short term liabilities and provisions	-521	0	-521
<b>Net Assets</b>	<b>-288</b>	<b>789</b>	<b>501</b>
<b>Acquired net assets</b>			<b>501</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	794
Minus acquired net assets	-501
<b>Goodwill</b>	<b>293</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	794
Liquid funds of the purchased company	-39
<b>Investment in subsidiary</b>	<b>755</b>

**Captura d.o.o.**

As of September 30<sup>th</sup>, 2008, the Novo Gaming d.o.o. acquired the Captura d.o.o. in Croatia.

The fair value of the identifiable assets and liabilities of Captura d.o.o. at the acquisition date September 30<sup>th</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	326	326
Property, plant, equipment	731	-13	718
Financial assets	0	0	0
Other non-current assets	49	0	49
Deferred tax assets	0	0	0
Inventories	2	0	2
Cash and cash equivalent	11	0	11
Other current assets	31	10	41
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	0	-55	-55
Short term liabilities and provisions	-733	0	-733
<b>Net Assets</b>	<b>91</b>	<b>268</b>	<b>359</b>
<b>Acquired net assets</b>			<b>359</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	730
Minus acquired net assets	-359
<b>Goodwill</b>	<b>371</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	730
Liquid funds of the purchased company	-11
<b>Investment in subsidiary</b>	<b>719</b>

**Zeton d.o.o.**

As of November 20<sup>th</sup>, 2008, the wholly-owned subsidiary Novo Gaming d.o.o. acquired a 100% interest in Zeton d.o.o.

The fair value of the identifiable assets and liabilities of Zeton d.o.o. at the acquisition November 20<sup>th</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	1	367	368
Property, plant, equipment	322	-116	206
Financial assets	0	0	0
Other non-current assets	45	0	45
Deferred tax assets	0	91	91
Inventories	3	0	3
Cash and cash equivalent	67	0	67
Other current assets	36	0	36
Minority interest	0	0	0
Long term liabilities and provisions	-116	0	-116
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-437	0	-437
<b>Net Assets</b>	<b>-79</b>	<b>342</b>	<b>263</b>
<b>Acquired net assets</b>			<b>263</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	458
Minus acquired net assets	-263
<b>Goodwill</b>	<b>195</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	458
Liquid funds of the purchased company	-67
<b>Investment in subsidiary</b>	<b>391</b>

**Allstar Italiana S.r.l.**

For the further expansion on the Italian market, a 100% interest in Allstar Italiana S.r.l. was acquired as of June 30<sup>th</sup>, 2008, by the 100% subsidiary of NOVOMATIC AG, Adria Gaming International S.p.a.

The fair value of the identifiable assets and liabilities of Allstar Italiana S.r.l. at the acquisition date June 30<sup>th</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	25	-25	0
Property, plant, equipment	1,948	0	1,948
Financial assets	50	0	50
Other non-current assets	0	0	0
Deferred tax assets	0	8	8
Inventories	0	0	0
Cash and cash equivalent	1	0	1
Other current assets	2,015	0	2,015
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-3,113	-506	-3,619
<b>Net Assets</b>	<b>926</b>	<b>-523</b>	<b>403</b>
<b>Acquired net assets</b>			<b>403</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	250
Minus acquired net assets	-403
<b>Received surplus affecting income</b>	<b>-153</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	250
Liquid funds of the purchased company	-1
<b>Investment in subsidiary</b>	<b>249</b>

**Golden Games S.r.l.**

With the acquisition of Golden Games S.r.l. by Adria Gaming International S.p.a. on June 24<sup>th</sup>, 2008 another Italian company was integrated into the group with a share of 60%.

The fair value of the identifiable assets and liabilities of Golden Games S.r.l. at the acquisition date June 24<sup>th</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	89	-1	88
Property, plant, equipment	52	0	52
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	0	0	0
Inventories	0	0	0
Cash and cash equivalent	7	0	7
Other current assets	20	0	20
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	-3	0	-3
Short term liabilities and provisions	-17	0	-17
<b>Net Assets</b>	<b>148</b>	<b>-1</b>	<b>147</b>
<b>Acquired net assets</b>			<b>88</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	45
Minus acquired net assets	-88
<b>Received surplus affecting income</b>	<b>-43</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	45
Liquid funds of the purchased company	-7
<b>Investment in subsidiary</b>	<b>38</b>

**Sluma Games S.r.l.**

As of July 23<sup>rd</sup>, 2008, a 70% interest in Sluma Games S.r.l. was acquired by Golden Games S.r.l.

The fair value of the identifiable assets and liabilities of Sluma Games S.r.l. at the acquisition date July 23<sup>rd</sup>, 2008 and the respective book values directly before the acquisition date present themselves as follows:

In TEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	52	-3	49
Property, plant, equipment	0	0	0
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	1	0	1
Inventories	0	0	0
Cash and cash equivalent	3	0	3
Other current assets	7	0	7
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-43	0	-43
<b>Net Assets</b>	<b>20</b>	<b>-3</b>	<b>17</b>
<b>Acquired net assets</b>			<b>12</b>

Based on the established fair value, the breakdown of the purchase price presents itself as follows:

In TEUR	2008
Purchase price	7
Minus acquired net assets	-12
<b>Received surplus affecting income</b>	<b>-5</b>

The purchase price was paid in cash, resulting in a net cash drain shown below:

In TEUR	2008
Purchase price in cash	7
Liquid funds of the purchased company	-3
<b>Investment in subsidiary</b>	<b>4</b>

## Disposals

### ABS S.A.

As of July 1<sup>st</sup>, 2008, the 99% interest in ABS S.A. was sold.

The fair value of the identifiable assets and liabilities of ABS S.A. at the date of sale July 1<sup>st</sup>, 2007 and the respective book values directly before the sale date present themselves as follows:

In TEUR	Book Value in the Group
Intangible assets	0
Property, plant, equipment	0
Financial assets	0
Other non-current assets	0
Deferred tax assets	0
Inventories	0
Cash and cash equivalent	30
Other current assets	1
Minority interest	0
Long term liabilities and provisions	0
Deferred tax liabilities	0
Short term liabilities and provisions	0
<b>Net Assets</b>	<b>31</b>
<b>Net assets disposed of</b>	<b>31</b>

Based on the established fair value, the breakdown of the selling price presents itself as follows:

In TEUR	2008
Selling price	45
Minus net assets disposed	-31
<b>Revenue</b>	<b>14</b>

## Significant Accounting Policies

### Basis of Consolidation

Upon the capital consolidation the purchase method of accounting was applied, meaning that the acquisition costs were offset against the proportional identifiable assets and liabilities allotted to the parent company. In accordance with IFRS 3, any excess of the costs of acquisition over the fair values of the identifiable net assets acquired are recognized as goodwill. If acquisition costs are below the identifiable assets and liabilities the difference is recognized as income after a re-evaluation of the acquired net assets.

Subsidiaries are consolidated for the first time at the date of acquisition, i.e. the date on which control is achieved over their net assets and their operating activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal.

In case of an increase of an already existing majority interest the resulting difference is directly offset within equity.

The results as well as the assets and liabilities of associated companies are included using the equity method of accounting. Investments in associated companies are recognized in the balance sheet at acquisition costs, adjusted by post acquisition changes of the group's share of the net assets as well as by losses resulting from impairment. Losses exceeding the group's share of the associated company are not taken into account.

All significant inter-company receivables, liabilities, expenses and earnings as well as balances are eliminated.

For the currency translation of foreign financial statements the concept of the functional currency is used. For all companies this is the local currency, because under financial, economical and organizational aspects these entities conduct their business independently.

Apart from the positions within equity, all items are translated in euros at the exchange rate prevailing on December 31<sup>st</sup>, 2008. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences arising, are recognized as equity not affecting net income. At the retirement of a foreign company from the consolidation scope this exchange difference is recognized in the income statement.

The exchange rates used for the currency translation show the following development:

Equivalent amount = 1 EUR	Exchange rate prevailing at balance sheet date		Average exchange rate for the year	
	12/31/2008	12/31/2007	2008	2007
Albanian LEK	123.8000	121.7800	123.0267	123.6300
Bosnian convertible Mark	1.9558	1.9558	1.9558	1.9558
British Pounds	0.9585	0.7355	0.8036	0.687417
Bulgarian Lev	1.9558		1.9558	
Chilean Peso	889.3300	725.7300	774.4217	718.354167
Estonian Crown	15.6466	15.6466	15.6466	15.6466
Croatian Kuna	7.3990	7.3360	7.2282	7.337667
Latvian Lats	0.7080	0.6964	0.7032	0.7000
Lithuanian Litas	3.4528	3.4528	3.4528	3.4528
Macedonian Denar	61.4123		61.2831	
Peruvian new Sol	4.3840	4.3505	4.3235	4.297208
Polish Zloty	4.1880	3.5900	3.5347	3.777292
Romanian Lei	3.9227	3.5351	3.6849	3.337942
Russian Rouble	41.4500	35.9900	36.7786	35.073167
Serbian Dinar	88.6010		81.9092	
South-African Rand	13.2300	9.92	12.0146	9.5877
Hungarian Forint	265.5500	251.0000	250.2083	250.541667
Ukrainian Hryvnia	10.8555	7.4195	7.9070	6.959042
US-Dollar	1.4090		1.4766	
Belarus Rouble	3,077.1400		3,158.3808	

### Intangible assets and property, plant and equipment

Intangible assets – with an exception of goodwill and intangible assets with indefinite useful life – and property, plant and equipment are stated in the balance sheet at acquisition or production costs, less the scheduled linear amortization/depreciation. Production costs comprise direct costs as well as appropriate material and manufacturing costs. Administration expenses and borrowing costs are not capitalized.

Depreciation/amortization of assets starts when these are ready for use. Depreciation/amortization is charged as to write off the costs of the assets over their estimated useful lives, using the straight-line method. For the determination of the estimated useful-life of tangible assets their expected service life is taken into account.

For intangible assets with indefinite useful life an impairment test is carried out at least annually. These intangible assets are not written off on schedule. Therefore, the useful life of these intangible assets is reviewed once a year, in order to see if the assumption of an indefinite useful life is still justified. If this is not the case, the assumption of an indefinite useful life is changed to a limited useful life prospectively.

Impairment is recognized in the year the event causing the impairment arises. Where an impairment loss subsequently reverses the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

In case of business combinations, any excess of the costs of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill and, in accordance with IFRS 3, not written off. Instead, every year or if there is any indication that the asset has suffered an impairment loss, the carrying amounts of the goodwill are submitted to an impairment test. If the

carrying amount of a cash generating unit, attributed with goodwill, exceeds its recoverable amount, the attributed goodwill is written off to its recoverable amount by the means of an extraordinary amortization. An impairment loss exceeding the goodwill will lead to the proportional reduction of the carrying amounts of the remaining fixed assets.

The depreciation rates are calculated under the assumption of the estimated useful life, as follows:

	Useful-life in years	
	from	to
<b>Intangible Assets:</b>		
Software	3	5
Patents and trademarks	10	15
Other intangible assets	3	10
<b>Property, plant, equipment:</b>		
Building	20	50
Investments in rented property	10	20
Machines	3	10
Gaming machines	3	5
Equipment	3	10

#### Investment property

Investment property concerns land held as a financial investment and with no definitive utilization at the moment. It is valued at amortized costs.

#### Leasing and tenancy

Leasing and tenancy agreements, where all risks and rewards of ownership that are related to the use of the assets are transferred to the group are classified as finance leases. Assets held as finance lease are recognized at the present value of the lease or tenancy payments and written off over the estimated useful-life. The corresponding liability to the lessor is shown in the balance sheet as a finance lease obligation, representing the present value of all lease and tenancy payments outstanding at the balance sheet date.

All other leases or tenancies are qualified as operating leases. Rentals payable are charged as expenses.

#### Financial Assets

The financial assets are not held-for-trading. Usually they are valued at amortized costs, less any impairment loss recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not exceeding the acquisition costs.

The securities within the financial assets are classified as available-for-sale and are measured at fair value. The fair value of the securities corresponds to the exchange price at balance sheet date.

Other Investments, whose fair value cannot be evaluated, are valued at costs, less any eventual impairment.

Investments are recognized or derecognized on trade-date basis. At each balance sheet date, financial assets are reviewed to determine if those assets have suffered an impairment loss. The group only derecognizes a financial asset if contractually-accorded rights to receive cash flows from the asset have expired or if the financial asset and all its risks and rewards are transferred to a third party.

**Inventories**

Inventories are stated at the lower of cost or net realizable value. Costs of raw materials are calculated using the weighted average method. The Company reviews inventories for slow movement or obsolete items and establishes appropriate adjustments if necessary.

**Receivables**

Trade receivables as well as other short-term receivables are stated at their nominal value, if applicable reduced by appropriate allowances. Receivables in foreign currencies are valued at the exchange rate prevailing on the balance sheet date. Gains and losses resulting from the currency translation are recognized in the income statement.

Tax receivables and liabilities are offset when they are levied by the same taxation authority and if the authorization and intention for the offset exist.

**Provisions**

Provisions for pensions or similar obligations as well as provisions for severance and jubilee payments are measured according to the regulations of IAS 19 (revised 2004) using the projected-unit-credit-method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains and losses falling within a corridor of 10% of the greater of projected benefit obligations and plan assets – measured in both cases at the beginning of the year – are not recognized in pensions and severance payments provisions. Actuarial gains and losses falling outside this corridor are distributed according to the average remaining years of service of the participants in the plan. The accrued amounts are based on the expert opinion of a qualified actuary as of the balance sheet date.

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

**Liabilities**

Trade and other liabilities are stated at amortized costs. Liabilities in foreign currencies are valued at the offered exchange rate at balance sheet date. Gains and losses resulting from the currency translation are recognized in the income statement.

**Derivative financial instruments**

The Group uses derivative financial instruments, like interest swaps, to hedge its risks associated with the change of interest rates. Such derivatives are initially recorded at fair value at contract date and are re-measured to fair value at subsequent reporting dates. A derivative financial instrument is recognized as asset if it's fair value is positive and as liability if it's fair value is negative. The principle of hedge accounting according to IAS 39 is not applied.

**Revenue and expense recognition**

The Group realizes revenues from sale and rental of gaming machines, operation of casinos and electronic casinos as well as betting. Revenues from the sale of gaming machines are recognized when the products are delivered and risk and ownership have passed to the customer. Revenues from the operation of casinos and electronic gaming machine casinos are shown as the net amount of the bets placed by the customers and the payouts received by them and are recognized at the time of settlement. Betting income is recognized according to the number of bets placed up to the balance sheet date, as far as the underlying bets have already taken place.

Operating expenses are recognized when caused or at the date of use of the service.

## Financial result

Financial expenses comprise interest from borrowings and finance leases, interest-like expenses as well as charges and results resulting from interest hedges.

Financial income includes interest from the placement of funds and investments in financial assets, dividends received and similar income as well as loss and profit resulting from the disposal or impairment of financial assets.

## Taxes

The income tax expense comprises the income tax of each subsidiary based on its taxable profit for the year and calculated with the tax rate prevailing in the respective jurisdiction ("actual taxes") as well as changes in the deferred taxes.

Deferred taxes are accounted for using the balance sheet liability method and are recognized for temporary differences arising between the carrying amounts stated in the IFRS consolidated balance sheet and the corresponding tax base used in the balance sheet of the subsidiary. Furthermore the probable tax advantages resulting from tax loss carried forward are also taken into account for the determination of deferred taxes. Temporary differences arising from non deductible goodwill or, under certain circumstances, from the initial recognition of an asset or liability are not recognized.

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

Country	Tax rate 2008	Tax rate 2007
Austria	25%	25 %
Germany	16% - 30.17%	18.3% - 39%
Latvia	15%	15%
Poland	19%	19 %
Great Britain	28%	28% u. 30%
Romania	16%	16%
Croatia	20%	20%
Slovenia	20%	20%
Albania	10%	20%
Russia	24%	24%
Lithuania	15%	18%
Ukraine	25%	25%
Italy	27.5% u. 31.4%	27.5% u. 37.25%
Peru	30% u. 33.5%	30%
Chile	17%	17%
Spain	25%	-
Hungary	20%	16% u. 19%
Belarus	24%	25%
Bosnia and Herzegovina	10%	30%
Serbia	10%	-
Bulgaria	10%	-
Macedonia	10%	-
Montenegro	9%	-

### Estimates

For the preparation of the financial statements, assumptions and estimates, influencing the amount of assets and liabilities and of income and expenses for the year under report, were made. Even under high diligence, these estimates may differ from the actual circumstances.

In particular uncertainties concerning the estimates of adjustments of receivables, impairment of goodwill and deferred tax assets can occur because of changes in the expected future results.

Furthermore the preparation of a financial statement requires the predefinition of future developments. This concerns in particular assumptions made for the measurement of social benefit obligations, like retirement age, life expectancy and future increase of remunerations and pensions.

Borrowing costs are immediately recognized as expense using the benchmark method.

## Notes to the consolidated balance sheet

### (1) Intangible Assets

In TEUR

Acquisition costs	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 01/01/2007	6,070	7,241	32,752	15	46,078
Adjustments due to currency translation	-4	0	-8	0	-12
Change in the consolidation scope	0	0	1,704	0	1,704
Additions	2,961	0	10,233	28	13,222
Disposals	0	0	-1,163	-8	-1,171
Reclassifications	0	0	4,720	-22	4,698
<b>Balance as of 12/31/2007</b>	<b>9,027</b>	<b>7,241</b>	<b>48,238</b>	<b>13</b>	<b>64,519</b>

In TEUR

Acquisition costs	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 12/31/2007	9,027	7,241	48,238	13	64,519
Adjustments due to currency translation	-10	0	-413	0	-423
Change in the consolidation scope	0	0	20,930	0	20,930
Additions	7,137	0	7,776	364	15,277
Disposals	0	0	-793	-6	-799
Reclassifications	0	0	5,697	0	5,697
<b>Balance as of 12/31/2008</b>	<b>16,154</b>	<b>7,241</b>	<b>81,435</b>	<b>371</b>	<b>105,201</b>

In TEUR

<b>Accumulated Amortization</b>	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 01/01/2007	1,579	618	13,325	0	15,522
Adjustments due to currency translation	-5	0	-7	0	-12
Change in the consolidation scope	0	0	256	0	256
Additions	0	618	4,146	0	4,764
Disposals	0	0	-1,109	0	-1,109
Reclassifications	0	0	0	0	0
<b>Balance as of 12/31/2007</b>	<b>1,574</b>	<b>1,236</b>	<b>16,611</b>	<b>0</b>	<b>19,421</b>

In TEUR

<b>Accumulated Amortization</b>	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 12/31/2007	1,574	1,236	16,611	0	19,421
Adjustments due to currency translation	-9	0	-102	0	-111
Change in the consolidation scope	0	0	1,291	0	1,291
Additions	0	619	7,642	0	8,261
Disposals	0	0	-1,030	0	-1,030
Reclassifications	0	0	2	0	2
<b>Balance as of 12/31/2008</b>	<b>1,565</b>	<b>1,855</b>	<b>24,414</b>	<b>0</b>	<b>27,834</b>

<b>Carrying amount as of 12/31/2007</b>	<b>7,453</b>	<b>6,005</b>	<b>31,627</b>	<b>13</b>	<b>45,098</b>
<b>Carrying amount as of 12/31/2008</b>	<b>14,589</b>	<b>5,386</b>	<b>57,021</b>	<b>371</b>	<b>77,367</b>

An amount of TEUR 7,776 (previous year: TEUR 10,233) was invested in other intangible assets like licences and software.

Under the position other intangible assets (change in the consolidation scope), licences with an indefinite useful life amounting to TEUR 13,340 (previous year: TEUR 0) were capitalized.

No internally-generated intangible asset could be capitalized. In the period under report, development expenditures amounting to TEUR 27,688 (previous year: TEUR 23,556) were recognized in the income statement as personnel cost, other expenses and depreciation of tangible and intangible assets.

## Goodwill

As of December 31<sup>st</sup>, 2008, the Group's goodwill is composed as follows:

In TEUR	12/31/2008	12/31/2007
Admiral Betriebs GmbH	1,840	1,840
Algast Gastronomie GmbH	216	216
ALS Group OOO	1,392	1,392
ALS OOO	56	56
UAB Azarto Technika	988	988
Barclajs Speles SIA	362	362
Crown Technologies GmbH	1,617	1,617
Sierra Machines SAC	982	982
Admiral Italia Scommesse Sportive s.r.l.	348	0
NT Gaming s.r.l.	1,257	0
Admiralu Klubs SA	1,263	0
Ako-Lek d.o.o.	83	0
Hirscher Moneysystems GmbH	300	0
HRG Formenbau GmbH	531	0
Internacionalne Casino Igre d.o.o.	1,445	0
Inmobiliaria Rapid SAC	30	0
Masterbet d.o.o.e.l.	1,020	0
Captura d.o.o.	371	0
Tempo-Star d.o.o.	293	0
Zeton d.o.o.	195	0
<b>Total</b>	<b>14,589</b>	<b>7,453</b>

During the business year the Group determined the recoverable amount of the goodwill and could not find any indication for an impairment loss. The determination of the recoverable amount of a cash-generating unit is based on its value in use. As far as the goodwill results from the acquisition of gaming companies, the respective country is defined as cash-generating unit. In assessing the value in use, a discount rate of 9.17% p.a. (previous year: 9.65%) was considered.

## (2) Property, Plant and Equipment

In TEUR

Acquisition costs	Land and buildings	Plant and machinery	Factory and Office Equipment	Prepayments and property under construction	Total
Balance as of 01/01/2007	111,862	140,306	82,294	8,682	343,144
Adjustments due to currency translation	-808	-2,469	-140	-5	-3,422
Change in the consolidation scope	-122	1,290	228	22	1,418
Additions	43,846	186,753	36,598	24,657	291,854
Disposals	-2,710	-58,567	-13,544	-327	-75,148
Reclassifications	20,526	-7,291	1,068	-19,001	-4,698
<b>Balance as of 12/31/2007</b>	<b>172,594</b>	<b>260,022</b>	<b>106,504</b>	<b>14,028</b>	<b>553,148</b>

In TEUR

<b>Acquisition costs</b>	Land and buildings	Plant and machinery	Factory and Office Equipment	Prepayments and property under construction	Total
Balance as of 12/31/2007	172,594	260,022	106,504	14,028	553,148
Adjustments due to currency translation	-3,592	-13,368	-710	-91	-17,761
Change in the consolidation scope	2,044	29,942	2,475	423	34,884
Additions	38,460	254,416	38,831	74,475	406,182
Disposals	-3,771	-60,108	-8,760	-559	-73,198
Reclassifications	33,526	7,053	1,754	-48,030	-5,697
<b>Balance as of 12/31/2008</b>	<b>239,261</b>	<b>477,957</b>	<b>140,094</b>	<b>40,246</b>	<b>897,558</b>

In TEUR

<b>Accumulated Depreciation</b>	Land and buildings	Plant and machinery	Factory and Office Equipment	Prepayments and property under construction	Total
Balance as of 01/01/2007	21,754	34,275	44,623	0	100,652
Adjustments due to currency translation	-23	-863	-88	0	-974
Change in the consolidation scope	204	286	52	0	542
Additions	8,623	49,971	15,268	0	73,862
Disposals	-879	-20,994	-12,234	0	-34,107
Reclassifications	93	-93	0	0	0
Appreciations	-30	0	-46	0	-76
<b>Balance as of 12/31/2007</b>	<b>29,742</b>	<b>62,582</b>	<b>47,575</b>	<b>0</b>	<b>139,899</b>

In TEUR

<b>Accumulated Depreciation</b>	Land and buildings	Plant and machinery	Factory and Office Equipment	Prepayments and property under construction	Total
Balance as of 12/31/2007	29,742	62,582	47,575	0	139,899
Adjustments due to currency translation	-257	-5,728	-401	-10	-6,396
Change in the consolidation scope	407	14,835	1,411	0	16,653
Additions	11,457	100,423	19,510	44	131,434
Disposals	-1,523	-27,116	-5,888	0	-34,527
Reclassifications	0	1	-3	0	-2
Appreciations	0	0	0	0	0
<b>Balance as of 12/31/2008</b>	<b>39,826</b>	<b>144,997</b>	<b>62,204</b>	<b>34</b>	<b>247,061</b>

<b>Carrying amount 12/31/2007</b>	<b>142,852</b>	<b>197,440</b>	<b>58,929</b>	<b>14,028</b>	<b>413,249</b>
<b>Carrying amount 12/31/2008</b>	<b>199,435</b>	<b>332,960</b>	<b>77,891</b>	<b>40,212</b>	<b>650,497</b>

For the consolidation and the further improvement of the market position the emphasis lies on investments concerning the expansion of the distribution network in existing and new markets. As a consequence, additions to property, plant and equipment primarily consist in investments in land and buildings amounting to TEUR 38,460, in plant and machinery amounting to TEUR 254,416 and in factory and office equipment amounting to TEUR 38,831.

In order to ensure a loan, a lien was registered on a property in Gumpoldskirchen to the extent of TEUR 3,000.

#### Finance Lease

The carrying amount of the Group's property, plant and equipment includes an amount of TEUR 4,566 (previous year: TEUR 3,282) in respect of assets held under finance lease. The tangible assets held under finance lease comprise plant and machinery, office equipment and vehicles. The terms of the finance lease contracts lies between 3 and 5 years.

The sale-and-lease-back transactions of the Group present themselves as follows: The carrying amounts of gaming machines recognized as property, plant and equipment account for TEUR 23,409 (previous year: TEUR 11,943). Because of their classification as finance leases the profits resulting from their disposal are spread over the contract duration of 4 years and are recognized as deferred income in the balance sheet.

In TEUR	Minimum lease payments		Present value of minimum lease payments	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Within one year	4,890	3,323	4,522	3,065
Between one and five years	19,175	13,226	18,748	12,885
Over five years	0	0	0	0
<b>Total</b>	<b>24,065</b>	<b>16,549</b>	<b>23,270</b>	<b>15,950</b>
Minus prospective financing costs	-794	-599		
<b>Present value of lease obligations</b>	<b>23,270</b>	<b>15,950</b>		

#### Operating Lease

NOVOMATIC AG as lessee:

From the use of tangible assets not recognized in the balance sheet (buildings and vehicles), obligations resulting from lease, tenancy and rent agreements exist to the following amount:

In TEUR	12/31/2008	12/31/2007
For the next year	30,905	13,733
For the second to the fifth year inclusive	71,102	47,765
For more than five years	38,933	23,000

NOVOMATIC AG as lessor:

The group concluded contracts for tenancy of gaming machines with a term of 24 months. The gaming machines are shown in the tangible fixed assets as technical equipment and machines. The payments of rent in the reporting period are shown as sales under the position of income from rent and management services.

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

In TEUR	12/31/2008	12/31/2007
For the next year	101,869	33,816
For the second to the fifth year inclusive	49,773	9,986
For more than five years	273	25

### (3) Investment property

In TEUR	12/31/2008	12/31/2007
Balance as of 01/01	474	474
Change in the consolidation scope	0	0
Additions	0	0
Disposals	0	0
Reclassifications	0	0
Appreciations	0	0
<b>Balance as of 12/31</b>	<b>474</b>	<b>474</b>

Investment property concerns land held as financial investment and with no definitive utilization at the moment. Its fair value amounts to TEUR 474.

### (4) Investments in associates

In TEUR	12/31/2008	12/31/2007
Balance as of 01/01	11,040	9,483
Additions	12,170	721
Share of post acquisition profits	-6,007	2,082
Dividends	-945	-1,246
Disposals	-430	0
Change in the consolidation method	23,890	0
<b>Balance as of 12/31</b>	<b>39,718</b>	<b>11,040</b>

The companies recognized at equity in the consolidated balance sheet are shown in the investment schedule.

The following chart shows the basic data from the balance sheet and income statement of the companies recognized at equity, whereas the data corresponds to 100% and not to the percentage of shares in associated companies owned by NOVOMATIC AG:

In TEUR	12/31/2008	12/31/2007
Assets	362,022	41,168
Liabilities	213,134	16,267
Sales	166,966	128,208

#### (5) Financial Assets

In TEUR	12/31/2008	12/31/2007
Investments in associated companies not consolidated	3,470	11,433
Securities	9,025	9,425
Other investments	1,597	1,810
<b>Total</b>	<b>14,092</b>	<b>22,668</b>

The securities classified as available-for-sale comprise primarily investment funds and stocks. They are not subject to any restraint of disposal. For the securities available-for-sale the carrying amount corresponds to the fair value of the asset.

For investments in associated companies and other investments the fair value cannot be evaluated, therefore they are valued at costs, less any eventual impairment.

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

In TEUR	12/31/2008	12/31/2007
Tax refund	5,429	1,956
Current tax liabilities	78,536	42,363

**Deferred taxes:**

Deferred tax assets and liabilities result from temporary valuation and accounting differences between the carrying amounts of the financial statement prepared according to IFRS and their respective tax base.

In TEUR	12/31/2008	12/31/2007
Intangible assets	-5,006	-3,013
Property, plant and equipment	8,504	8,333
Finance lease	1,193	546
Financial assets	1,897	1,818
Securities	-1	-241
Other non-current assets	-438	-442
Inventories	1,204	19
Current financial assets	-315	-25
Trade and other receivables	759	-292
Long-term financial liabilities	8	1,093
Provision for severance payments	1,411	1,331
Provision for pensions	888	879
Provision for jubilee payments	110	62
Short-term provisions	633	1,077
Trade and other liabilities	-1,524	581
Tax loss carry forward	1,346	3,822
<b>Deferred Tax Total (netted)</b>	<b>10,669</b>	<b>15,548</b>

**In the balance sheet deferred taxes are shown as follows:**

In TEUR	12/31/2008	12/31/2007
Deferred tax assets	24,857	23,176
Deferred tax liabilities	-14,188	-7,628
<b>Total</b>	<b>10,669</b>	<b>15,548</b>

In accordance with IAS 12 deferred tax assets on the accumulated loss brought forward adding up to TEUR 1,346 (previous year: TEUR 3,822) were recognized, because they can be offset against taxable income in future.

**Deferred tax assets not recognized:**

In TEUR	12/31/2008	12/31/2007
Tax loss	5,684	6,781
Temporary differences	168	1,769

Income from investments in domestic subsidiaries is tax-exempt. Dividends received from foreign investments exceeding a share of 10% are also tax-exempt at the level of the Austrian parent company.

In Estonia and in Latvia, in case of a disbursement an elevated tax rate is applied at group level. Since no disbursements are expected from the Estonian subsidiary AS Novoloto in the near future, this has no effect on the Group. The taxes resulting from the dividends received from the Latvian subsidiary, SIA Alfor, amounted to TEUR 513 for the year 2008 (previous year: TEUR 461) and are directly recognized in year of the accrual. For the year 2010, the NOVOMATIC group does not expect any tax burden resulting from this investment.

**(7) Other non-current assets**

In TEUR	12/31/2008	12/31/2007
Loans	30,083	5,554
Miscellaneous other non-current assets	2,945	1,900
<b>Total</b>	<b>33,028</b>	<b>7,454</b>

**(8) Inventories**

In TEUR	12/31/2008	12/31/2007
Raw materials and supplies	56,429	45,578
Work-in-progress	12,747	13,051
Finished goods and trade goods	58,110	25,164
Advance payments	11,404	7,631
<b>Total</b>	<b>138,690</b>	<b>91,424</b>

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

Value adjustments for raw materials and supplies amount to TEUR 18,732 (previous year: TEUR 15,232).

**(9) Trade and other receivables**

In TEUR	12/31/2008	12/31/2007
Trade receivables	122,605	86,541
Receivables from not consolidated affiliated companies	1,778	10,734
Receivables from associated companies	5,591	571
Prepaid expenses	14,023	9,077
Other current receivables	30,715	17,590
<b>Total</b>	<b>174,712</b>	<b>124,513</b>

Valuation adjustments for trade receivables amount to TEUR 19,321 (previous year: TEUR 23,198). The impairment expenses of the year under report are recognized as other operating expenses in the income statement.

The receivables from not consolidated affiliated companies include trade receivables in the amount of TEUR 1,285 (previous year: TEUR 9,660).

Other receivables contain primarily the offset with the tax authorities, deferred expenses and outstanding credit card statements.

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

**(10) Current financial assets**

In TEUR	12/31/2008	12/31/2007
Securities	118	3,032
Fair Value valuation of interest rate swaps	282	144
Loans	22,891	5,485
Other current financial assets	1,845	1,264
<b>Total</b>	<b>25,136</b>	<b>9,925</b>

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

**(11) Cash and cash equivalents**

In TEUR	12/31/2008	12/31/2007
Cash	56,345	47,795
Bank deposit	136,070	119,096
<b>Total</b>	<b>192,415</b>	<b>166,891</b>

The major part of the stated cash is tied up as cash reserves and base filling of the gaming machines at the various gaming establishments. The book value of cash and cash equivalents equals its fair value.

#### (12) Share capital

The share capital of TEUR 26.000 is divided in the following bearer shares:

Number of shares	Nominal value per share (TEUR)	Total amount Nominal value (TEUR)
18	1.000	18,000
68	100	6,800
120	10	1,200
<b>Total</b>		<b>26,000</b>

The share capital is fully issued and entirely paid-in.

#### (13) Capital reserves

The capital reserves of TEUR 976 are tied-up reserves.

#### (14) Retained profits

The retained profits consist of the group's consolidated profit for the year and of the accumulated profits from previous periods. Moreover the retained profits consist of an amount of TEUR 1,624 and the tied-up capital reserves amounting to TEUR 976 adding-up to TEUR 2,600 and represent the tied-up reserves amounting to 10% of the share capital according to section 130 Austrian Stock Companies Act (AktG).

#### (15) Revaluation reserve according to IAS 39

The changes in the fair value of financial assets available-for-sale are recognized in the revaluation reserve according to IAS 39 not affecting income. For the business year 2008 these changes amounted to TEUR -3,100 (previous year: TEUR -1,89

#### (16) Currency translation adjustment

On consolidation, differences from the translation of foreign subsidiaries at exchange rates prevailing on the balance sheet date are transferred to this position. For the business year 2008 changes in the currency translation adjustment amounting to TEUR -14,505 (previous year: TEUR -3,809) occurred.

#### (17) Minority interests

Minority interests consist of the interests in equity of consolidated subsidiaries held by other shareholders. Minority interests in equity of consolidated subsidiaries primarily concern Alfor SIA, UAB Azarto Technika, Barclajs Speles SIA and Crown Gaming S.A.C.

**(18) Long term financial liabilities**

In TEUR	12/31/2008	12/31/2007
Bond	149,332	149,093
Bank loans	156,263	19,614
Obligations under finance leases	18,748	12,885
Other long term financial liabilities	0	2,030
<b>Total</b>	<b>324,343</b>	<b>183,622</b>

With value date October 11<sup>th</sup>, 2005 the NOVOMATIC AG issued a bond with the following terms and conditions:

Nominal value	TEUR 150,000
Term	2005-2012
Denomination	EUR 500.–
Nominal interest rate	3.75 % p.a.
Coupon	10/11 every year
Redemption	10/11/2012 bullet
Closing price 31.12.2008	EUR 93.2565
ISIN	AT0000492962

The bond is listed for the second regulated market at the Vienna Stock Exchange.

The fair value of bank loans amounts to TEUR 160,056.

Bank loans with a term between one and five years amount to TEUR 71,737 and bank loans with a term over five years amount to TEUR 84,526. The weighted average interest rate amounts to 5.8%.

**(19) Long term provisions**

In TEUR	12/31/2008	12/31/2007
Provision for severance payments	5,876	5,395
Provision for pensions	9,662	9,350
Provision for jubilee payments	2,861	1,271
Other long term provisions	2,919	3,128
<b>Total</b>	<b>21,318</b>	<b>19,144</b>

**Provision for severance payments**

Due to legal or collectively agreed obligations, employees whose service began before January 1<sup>st</sup>, 2003, are entitled to receive severance payments upon termination of employment or on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. For these future liabilities, provisions are being generated according to actuarial principles. The amount of these future obligations was calculated according to the regulations of IAS 19 in application of the projected-unit-credit-method under the assumptions of a discount rate of 5.5% (previous year: 5%), a pay increase of 2.5%-3% (previous year: 3%) and the first possible retirement age according to ASVG regulations. Discounts due to fluctuations or other factors are not taken into account.

Entitlements to severance payments for employees whose service began after January 1<sup>st</sup>, 2003, are covered by a defined contribution system. The in-payments to an external employee's pension fund are recognized as expense.

Expenses for severance payments recognized as personnel cost:

In TEUR	12/31/2008	12/31/2007
Current service cost	593	541
Interest cost	297	209
Actuarial (gains)/losses	-44	-67
<b>Expense for the year</b>	<b>846</b>	<b>683</b>

Provision for severance payments shown in the balance sheet:

In TEUR	12/31/2008	12/31/2007	12/31/2006
Balance as of 01/01	5,395	5,030	
Current service cost (+)	593	541	
Interest cost (+)	297	209	
Actuarial (gains)/losses	-44	-67	
Payments (-)	-365	-320	
Change in the consolidation scope	0	2	
<b>Balance as of 12/31</b>	<b>5,876</b>	<b>5,395</b>	<b>5,030</b>
Unrecognized actuarial (gains)/losses	848	794	280
<b>Defined Benefit Obligation at the end of the period</b>	<b>6,724</b>	<b>6,189</b>	<b>5,310</b>

### Provision for pensions

Due to individual agreements some group companies are obligated to accord a pension allowance to the members of the board of management and to employees from the date of their retirement. The entitlements depend on years of service and final compensation levels. The provision for pensions is calculated in line with IAS 19 (projected-unit-credit-method) using an interest rate of 5.5%/5.89% (previous year: 5%/5.44%) and taking adjustments of values of 2% to 3% (previous year: 2% to 3%) into account.

Expenses for pensions recognized as personnel cost:

In TEUR	12/31/2008	12/31/2007
Current service cost	256	296
Interest cost	391	378
Actuarial (gains)/losses	37	0
<b>Expense for the year</b>	<b>684</b>	<b>674</b>

Provision shown in the balance sheet:

In TEUR	12/31/2008	12/31/2007	12/31/2006
Balance as of 01.01.	9,350	9,010	
Current service cost (+)	256	296	
Interest Cost (+)	391	378	
Payments (-)	-331	-329	
Currency translation	-4	-5	
<b>Balance as of 31.12.</b>	<b>9,662</b>	<b>9,350</b>	<b>9,010</b>

Unrecognized actuarial (gains)/losses	-1,881	-1,340	-291
<b>Defined Benefit Obligation at the end of the period</b>	<b>7,781</b>	<b>8,010</b>	<b>8,719</b>

### Provision for jubilee payments

After a long-time service with the company, employees are entitled to jubilee payments arising from collective agreements. The amount of these obligations was calculated under the assumptions of a discount rate of 5.5% (previous year: 5%) and a pay increase of 3% (previous year: 3%). A fluctuation discount based on an internal statistic on the withdrawals of the last 3 years and under consideration of the probable individual continuance in the company was taken into account.

Expenses for jubilee payments recognized as personnel cost:

In TEUR	12/31/2008	12/31/2007
Current service cost	1,683	435
Interest cost	59	42
Actuarial (gains)/losses	-75	-232
<b>Expense for the year</b>	<b>1,667</b>	<b>245</b>

Provision for jubilee payments shown in the balance sheet:

In TEUR	12/31/2008	12/31/2007	12/31/2006
Balance as of 01/01	1,271	1,090	
Current service cost (+)	1,683	435	
Interest cost (+)	59	42	
Actuarial (gains)/losses	-75	-232	
Payments (-)	-77	-64	
<b>Balance as of 12/31</b>	<b>2,861</b>	<b>1,271</b>	<b>1,090</b>

### Other long term provisions

The other long term provisions concern essentially the provision for partial retirement obligations. The development of this item is shown below:

In TEUR	12/31/2008	12/31/2007
Balance as of 01/01	3,128	3,209
Currency translation	-1	0
Consumption	-650	-662
Disposal	-125	-263
Allocation	567	844
<b>Balance as of 12/31</b>	<b>2,919</b>	<b>3,128</b>

### (20) Other non current liabilities

In TEUR	12/31/2008	12/31/2007
Deferred income	13,564	4,697
Miscellaneous other non current liabilities	2,919	3,182
<b>Total</b>	<b>16,483</b>	<b>7,879</b>

### (21) Short term financial liabilities

In TEUR	12/31/2008	12/31/2007
Short term bank loans	70,793	65,975
Short term obligations under finance leases	4,523	3,065
Other short term financial liabilities	1,422	1,687
Fair Value valuation of interest rate swaps	1,713	2,706
<b>Total</b>	<b>78,451</b>	<b>73,433</b>

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

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

**(22) Short term provisions**

In TEUR	Unconsumed vacation	Other provisions for personnel	Warranties, rebates and customer bonuses	Other short term provisions	Total
Balance as of 12/31/2007	9,039	4,594	6,957	6,330	26,920
Currency Translation	-14	-137	-49	-95	-295
Changes in the consolidation scope	109	33	14	247	403
Consumption	-3,740	-3,824	-2,713	-3,245	-13,522
Disposal	-12	-302	-29	-1,457	-1,800
Allocation	5,987	8,817	5,264	8,744	28,812
<b>Balance as of 12/31/2008</b>	<b>11,369</b>	<b>9,181</b>	<b>9,444</b>	<b>10,524</b>	<b>40,518</b>

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

Other short term provisions mainly include provisions for legal, audit and consulting costs as well as not yet invoiced operating expenses.

**(23) Trade and other liabilities**

In TEUR	12/31/2008	12/31/2007
Trade payables	50,668	25,526
Payables to not consolidated affiliated companies	1,162	310
Payables to associated companies	0	13
Down payments received	2,394	934
Deferred income	61,364	44,052
Other liabilities from social security obligations	3,481	3,074
Other taxes (except income tax)	19,972	20,297
Other short term liabilities	38,559	28,472
<b>Total</b>	<b>177,600</b>	<b>122,678</b>

The increase of deferred income is mainly related to the accrual of special rent payments for gaming machines in Germany and to the fact that profits resulting from the disposal of sale-and-lease-back transactions were carried as liability.

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

## Notes to the consolidated income statement

The income statement was prepared applying the total expenditure format.

### (24) Sales

In TEUR	2008	2007
Sale revenues	247,938	235,950
Operation of slot machines	422,598	338,722
Income from rent and management services	380,752	176,777
Betting income	184,551	175,707
Income from gastronomy	17,840	15,950
Other sales	33,219	25,429
Sales reduction	-5,645	-8,288
<b>Total</b>	<b>1,281,253</b>	<b>960,247</b>

### (25) Changes in inventories of finished goods and work in progress and own work capitalized

In TEUR	2008	2007
Changes in inventories of finished goods and work in progress	41,532	12,351
Own work capitalized	202,910	156,220
<b>Total</b>	<b>244,442</b>	<b>168,571</b>

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

### (26) Other operating income

In TEUR	2008	2007
Income from the disposal of intangible assets and property, plant and equipment	6,276	9,807
Income from reversal of provisions	1,988	1,120
Other operating income	24,345	15,933
<b>Total</b>	<b>32,609</b>	<b>26,860</b>

### (27) Material cost and purchased services for production

In TEUR	2008	2007
Material cost	-334,452	-252,093
Pay-out resulting from betting	-151,150	-146,818
Purchased services for production	-980	-768
<b>Total</b>	<b>-486,582</b>	<b>-399,679</b>

**(28) Personnel cost**

In TEUR	2008	2007
Wages and Salaries	-171,458	-131,800
Expenses for severance payments	-1,666	-1,332
Expenses for pensions	-918	-967
Expenses for mandatory social contributions and pay-roll related taxes	-39,396	-29,904
Other social expenses	-1,604	-981
<b>Total</b>	<b>-215,042</b>	<b>-164,984</b>

The raise of personnel cost is due to collectively agreed and individual pay increases and in particular to an elevation of the number of employees in the group.

**(29) Depreciation and amortization**

In TEUR	2008	2007
Scheduled depreciation of tangible and amortization of intangible assets	-138,846	-78,347
Extraordinary depreciation/amortization	-849	-280
<b>Total</b>	<b>-139,695</b>	<b>-78,627</b>

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in the notes (1) and (2).

**(30) Other operating expenses**

In TEUR	2008	2007
Other taxes, fees and other charges	-91,565	-70,924
Maintenance	-16,750	-13,275
Energy	-11,958	-7,607
Telephone, Communication	-4,874	-3,904
Rent and lease payments	-44,148	-33,308
Insurance	-3,258	-2,479
Vehicle fleet operation costs	-6,117	-4,412
Legal, audit and consulting costs	-8,247	-6,150
Other services received	-26,208	-17,338
Advertising cost	-30,699	-20,684
Travelling cost	-6,037	-4,262
Development, license and patent cost	-9,287	-7,092
Commissions	-7,176	-8,939
Bad debt and valuation adjustment	-11,717	-6,246
Loss from the disposal of fixed assets (except financial assets)	-5,714	-7,620
Other expenses	-80,256	-47,501
<b>Total</b>	<b>-364,011</b>	<b>-261,741</b>

### (31) Share of the profit/loss of associated companies

In TEUR	2008	2007
AGI Africa (Pty) Ltd.	816	0
Casino Centrum Lodz	0	47
Estrada Polska sp.z.o.o.	635	778
Giochi San Marino S.p.A.	-341	519
Novo Sun S.A.	-8,228	0
H. Polanz GmbH	405	496
SIM Spielbanken Investitions- Management GmbH	1	2
SIM Spielbanken Investitions- und Beteiligungs- Management GmbH & CO KG	736	584
OOO United Gaming Industries	-31	-344
<b>Total</b>	<b>-6,007</b>	<b>2,082</b>

### (32) Financial income

In TEUR	2008	2007
Interest income	4,815	4,004
Income from the disposal of financial assets	41	579
Income from the disposal of securities classified as current assets	0	50
Income from other investments	498	420
Fair Value valuation of interest rate swaps	3,088	110
Other financial income	14,227	3,548
<b>Total</b>	<b>22,669</b>	<b>8,711</b>

### (33) Financial expenses

In TEUR	2008	2007
Interest expenses	-9,482	-3,895
Interest expenses for bond	-5,764	-5,740
Fair value valuation interest rate swap	-1,604	-1,600
Interest on obligation under finance lease	-1,126	-229
Other financial expenses	-3,575	-1,806
<b>Total</b>	<b>-21,551</b>	<b>-13,270</b>

**(34) Tax expenses**

In TEUR	2008	2007
Current income tax expenses	101,498	72,013
Actual income tax relating to other periods	931	405
Deferred tax income/expense	2,798	-6,941
<b>Income tax</b>	<b>105,227</b>	<b>65,477</b>

A reconciliation of income tax applying the Austrian corporate income tax rate of 25% (previous year: 25%) to the effective tax rate for the business year 2008 is stated below:

In TEUR	2008	2007
<b>Profit before taxes</b>	<b>348,085</b>	<b>248,170</b>
<b>Computed income tax expense of 25% (previous year: 25%)</b>	<b>87,021</b>	<b>62,043</b>
<b>Adjustment of the computed income tax expense:</b>		
Differing foreign tax rates	10,558	2,260
Effects of non-taxable income	233	-1,918
Effects of non-deductible expenses	4,255	1,612
Effects of tax advantages	-1,327	-1,046
Actual income tax relating to other periods	931	405
Effects of change in tax rate of deferred taxes	845	-73
Effects on the real tax expenses of initially not recognized and unused tax-losses carry forward and possible offsets	-688	-365
Effects on deferred tax expense of initially not recognized and unused tax-losses carry forward and possible offsets	0	-169
Effects of the reversal of a previous adjustment of a deferred tax asset	152	82
Effects of unused tax-losses carry forward and possible offsets not recognized as deferred taxes	2,507	1,889
Withholding tax	782	677
Other	-42	80
<b>Effective group income tax expense</b>	<b>105,227</b>	<b>65,477</b>
<b>Effective group income tax rate</b>	<b>30.23%</b>	<b>26.38%</b>

Taxes on income directly recognized in equity:

In TEUR	2008	2007
Expenses from the revaluation of securities classified as available-for-sale	-1,033	-631
<b>Deferred taxes</b>	<b>-1,033</b>	<b>-631</b>

## Notes to the consolidated cash flow statement

Cash flow from operating, investing and financing activities is shown separately in the cash flow statement. The consolidated cash flow statement was prepared according to the indirect method. Liquid funds correspond to cash and cash equivalents stated in the balance sheet (note 11).

## Segment reporting

In the segment reporting the Group is divided into business segments. The inter-segment exchange of goods and services shows the supply and service relationships between the operating segments. The charging is carried out "at arm's length". All significant inter-company transactions and balances between group enterprises are eliminated on consolidation. For the reconciliation of the segment assets and liabilities, intercompany receivables and liabilities are eliminated in course of the consolidation of debts.

For management purposes the Group is divided into four business segments. These areas are the basis for the Group's primary segment reporting.

The segment "sale and rental" includes the production, sale and rental of gaming and entertainment machines.

The segment "gaming operations" consists of the operation of casinos and electronic casinos.

The segment "betting" comprises the betting business, in particular sports betting, as well as betting on dog and horse races.

The segment "other" essentially comprises foreign and domestic real estate management.

## Segment revenue

### 2008

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
External sales	713,049	371,055	191,484	5,665	0	1,281,253
Inter-segment sales	152,229	75,271	4,996	36,002	-268,498	0
Total sales	865,278	446,326	196,480	41,667	-268,498	1,281,253

### 2007

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
External sales	437,600	328,787	183,509	10,351	0	960,247
Inter-segment sales	144,980	34,595	5,203	22,213	-206,991	0
Total sales	582,580	363,382	188,712	32,564	-206,991	960,247

## Segment result

## 2008

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
Segment result (EBIT)	313,478	47,296	2,565	11,332	-21,697	352,974

## 2007

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
Segment result (EBIT)	184,402	76,148	2,110	5,224	-17,237	250,647

## Segment assets and liabilities

## 2008

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
Segment assets	755,404	326,433	14,498	201,435	-199,685	1,098,085
Segment liabilities	237,810	76,596	7,541	36,475	-105,422	253,000

## 2007

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
Segment assets	462,543	244,657	18,298	130,699	-123,830	732,367
Segment liabilities	147,829	50,269	7,891	27,152	-50,795	182,346

**Other segment information**
**2008**

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
Depreciation/amortization	-115,456	-39,622	-3,395	-8,809	27,587	-139,695
Investments	288,018	87,780	3,693	41,967	0	421,458
Income from associates	816	-6,451	0	-372	0	-6,007
Carrying amount of associated companies	10,875	24,020	0	4,823	0	39,718

**2007**

In TEUR	Sale and rental	Gaming operations	Betting	Other	Eliminations	Total
Depreciation/amortization	64,135	24,634	2,651	6,679	-19,752	78,347
Investments	196,105	100,785	2,762	5,424	0	305,076
Income from associates	0	2,426	0	-344	0	2,082
Carrying amount of associated companies	0	9,981	0	1,059	0	11,040

**Geographical segments**

The Group's operations are located in Austria, the European Union (excluding Austria), the rest of Europe and other countries.

The sales revenue of the Group presents itself as follows:

**2008**

In TEUR	Austria	EU	Rest of Europe	Other countries	Total
Segment revenue	387,888	713,483	128,209	51,673	1,281,253

**2007**

In TEUR	Austria	EU	Rest of Europe	Other countries	Total
Segment revenue	375,295	420,578	149,789	14,585	960,247

## Other segment information

## 2008

In TEUR	Austria	EU	Rest of Europe	Other countries	Eliminations	Total
Segment assets	637,172	675,664	129,526	28,085	-372,362	1,098,085
Segment investments	56,273	308,145	53,230	3,810	0	421,458

## 2007

In TEUR	Austria	EU	Rest of Europe	Other countries	Eliminations	Total
Segment assets	438,159	401,350	91,299	8,619	-207,060	732,367
Segment investments	24,952	219,770	56,024	4,330	0	305,076

## Financial instruments

**12/31/2008**

in TEUR

**Category acc. to IAS 39**

		Loans and receivables	Assets available for sale	Assets held for trading	Other financial liabilities	Derivative Instruments
<b>Non-current assets</b>						
Intangible Assets	77,367					
Property, plant and equipment	650,497					
Investment property	474					
Investments in associated companies	39,718					
Financial assets	14,092		9,025			
Deferred tax assets	24,857					
Other non current assets	33,028	33,028				
<b>Total non current assets</b>	<b>840,033</b>	<b>33,028</b>	<b>9,025</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>						
Inventories	138,690					
Trade and other receivables	174,713	160,690				
Assets for current tax	5,429					
Short term financial assets	25,136	24,736		118		282
Cash and cash equivalents	192,414	192,414				
<b>Total current assets</b>	<b>536,382</b>	<b>377,840</b>	<b>0</b>	<b>118</b>	<b>0</b>	<b>282</b>
<b>Total ASSETS</b>	<b>1,376,415</b>	<b>410,868</b>	<b>9,025</b>	<b>118</b>	<b>0</b>	<b>282</b>
<b>Equity</b>						
Share capital	26,000					
Capital reserve	976					
Retained earnings	580,877					
Revaluation reserve acc. to IAS 39	-2,425					
Currency translation adjustment	-18,314					
Minority interest	37,864					
<b>Total equity</b>	<b>624,978</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non current liabilities</b>						
Long-term financial liabilities	324,343				324,343	
Long-term provisions	21,318					
Deferred tax liabilities	14,188					
Other non current liabilities	16,483				2,919	
<b>Total non current liabilities</b>	<b>376,332</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>327,262</b>	<b>0</b>
<b>Current liabilities</b>						
Short-term financial liabilities	78,451				76,738	1,713
Short-term provisions	40,518					
Current tax liabilities	78,536					
Trade and other liabilities	177,600				116,236	
<b>Total current liabilities</b>	<b>375,105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>192,974</b>	<b>1,713</b>
<b>Total LIABILITIES AND EQUITY</b>	<b>1,376,415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>520,236</b>	<b>1,713</b>

	Classification acc. to IFRS 7								
	Fair Value		Amortized costs						
	Securities	Derivate	Liquid funds	Accounts receivable trade	Loans	Bank and lease obligations	Accounts payable trade	Loan	Other Items
	9,025								
					30,083				2,945
	9,025	0	0	0	30,083	0	0	0	2,945
				129,974					30,716
	118	282			22,891				1,845
			192,414						
	118	282	192,414	129,974	22,891	0	0	0	32,561
	9,143	282	192,414	129,974	52,974	0	0	0	35,506
	0	0	0	0	0	0	0	0	0
						175,011		149,332	
									2,919
	0	0	0	0	0	175,011	0	149,332	2,919
		1,713				76,738			
							51,830		64,406
	0	1,713	0	0	0	76,738	51,830	0	64,406
	0	1,713	0	0	0	251,749	51,830	149,332	67,325

**12/31/2007**

in TEUR

**Category acc. to IAS 39**

		Loans and receivables	Assets available for sale	Assets held for trading	Other financial liabilities	Derivative Instruments
<b>Non-current assets</b>						
Intangible Assets	45,098					
Property, plant and equipment	413,249					
Investment property	474					
Investments in associated companies	11,040					
Financial assets	22,668		9,425			
Deferred tax assets	23,176					
Other non current assets	7,454	7,454				
<b>Total non current assets</b>	<b>523,159</b>	<b>7,454</b>	<b>9,425</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>						
Inventories	91,424					
Trade and other receivables	124,513	115,436				
Assets for current tax	1,956					
Short term financial assets	9,925	6,749		3,032		144
Cash and cash equivalents	166,891	166,891				
<b>Total current assets</b>	<b>394,709</b>	<b>289,076</b>	<b>0</b>	<b>3,032</b>	<b>0</b>	<b>144</b>
<b>Total ASSETS</b>	<b>917,868</b>	<b>296,530</b>	<b>9,425</b>	<b>3,032</b>	<b>0</b>	<b>144</b>
<b>Equity</b>						
Share capital	26,000					
Capital reserve	976					
Retained earnings	377,774					
Revaluation reserve acc. to IAS 39	675					
Currency translation adjustment	-3,809					
Minority interest	32,585					
<b>Total equity</b>	<b>434,201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non current liabilities</b>						
Long-term financial liabilities	183,622				183,622	
Long-term provisions	19,144					
Deferred tax liabilities	7,628					
Other non current liabilities	7,879				3,182	
<b>Total non current liabilities</b>	<b>218,273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186,804</b>	<b>0</b>
<b>Current liabilities</b>						
Short-term financial liabilities	73,433				70,727	2,706
Short-term provisions	26,920					
Current tax liabilities	42,363					
Trade and other liabilities	122,678				78,626	
<b>Total current liabilities</b>	<b>265,394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149,353</b>	<b>2,706</b>
<b>Total LIABILITIES AND EQUITY</b>	<b>917,868</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>336,157</b>	<b>2,706</b>

Classification acc. to IFRS 7									
Fair Value		Amortized costs							
Securities	Derivate	Liquid funds	Accounts receivable trade	Loans	Bank and lease obligations	Accounts payable trade	Loan	Other Items	
	9,425								
					5,554				1,900
	9,425	0	0	0	5,554	0	0	0	1,900
				97,846					17,590
	3,032	144			5,485				1,264
			166,891						
	3,032	144	166,891	97,846	5,485	0	0	0	18,854
	12,457	144	166,891	97,846	11,039	0	0	0	20,754
	0	0	0	0	0	0	0	0	0
						32,499		149,093	2,030
									3,182
	0	0	0	0	0	32,499	0	149,093	5,212
		2,706				70,727			
							25,849		52,777
	0	2,706	0	0	0	70,727	25,849	0	52,777
	0	2,706	0	0	0	103,226	25,849	149,093	57,989

## Financial risk management

NOVOMATIC AG controls and manages the financial risks connected to the business segments of the Group in the objective to limit these risks. The relevant risks concerning the Group are monitored on a regular basis and are collateralized if necessary, to minimize and estimate the risk.

The identification, analyze and valuation of financial risks as well as the decisions concerning the application of financial instruments to manage those risks are carried out essentially at the Group's headquarter. The possible adoption of derivative instruments is subject to supervision through the top management of the Group.

## Liquidity risk

The liquidity or financing risk is the risk of the Company to remain solvent (through own means or through investors) at any time as to fulfil due obligations in time and to give credit by the means of bank guarantees. Furthermore there is an extensive need for liquid funds in the gaming industry, especially for cash in the Group's gaming establishments. A major part of the stated cash is tied up as cash reserves and base filling of the gaming machines at the various gaming establishments.

NOVOMATIC AG pursues an international diversification of its investor base. The relationships to international banks and financial service providers are intensified. Additionally to the traditional loan financing and because of the increasing credit volume the financing through the capital market became of greater importance.

Due to the conservative debt management of the Group the liquidity risk is limited. Nevertheless, NOVOMATIC AG lays an additional focus on the liquidity risk and it's control with regard to the predominant financial crisis and the related credit crunch. Liquidity and financial flexibility at any time is granted through the existent liquid funds and the available financing margin.

In July 2008, NOVOMATIC AG has raised a bonded loan in the amount of EUR 106,500,000 and has concluded the financing for the construction of the new corporate headquarter in Gumpoldskirchen. Furthermore other bilateral and multilateral bank relationships are available.

The NOVOMATIC AG-Group's investment strategy is exclusively based on the cooperation with banks and financial service providers with an excellent rating, to minimize the risk of capital loss.

## Credit risk

The credit risk constitutes the risk of delay or default in payment of a contractual partner. In the Group's finance and sales department predominantly credit relationships with banks and business partners with high creditworthiness are held. Additionally the immanent default risk of underlying transaction is collateralized as far as possible through bank securities (e.g. guarantees, commercial letter of credit).

In the sales business the Group is exposed to credit risk because potentially customers will not fulfil their payment obligations. By the means of an analysis of the creditworthiness of the customer portfolio on a regular basis this risk can be constrained. Because of the multitude of business partners there is no concentration of default risk.

## Market Risk

### a) Interest rate risk

In the context of external financing the NOVOMATIC AG-Group is exposed to an interest rate risk. The development of interest rates can have a positive or negative effect on the value of financial instruments on one hand and on the resulting interest income/loss on the other hand.

Due to risk management related considerations, fixed as well as variable interest is paid on the existing debt and short as well as long term financing is concluded to minimize the cluster risk.

Derivative financial instruments are exclusively concluded to collateralize underlying transactions and not because of speculative considerations.

The concluded interest rate swaps are recognized at fair value in the financial statements.

The following schedule shows the effect of possible interest rate changes (+/- 50 basis points) on the operating profit based on reasonable judgement. For the calculation, effects on interest expenses from payment of variable interest on bank obligations, on the interest income from bank deposits bearing variable interest or on the compensatory payments of derivatives were taken into account.

in TEUR	2008		2007	
	+50 basis points	-50 basis points	+50 basis points	-50 basis points
Change (in basis points)				
Change of the profit before taxes	-280	+280	-145	+145

## b) Exchange risk

The risk resulting from fluctuations in value of financial instruments, other items of the balance sheet (e.g. receivables and liabilities) and/or cash flows due to currency fluctuations is called exchange risk. This risk predominantly resides in business transactions conducted in currencies other than the local currency of an entity (hereinafter referred to as foreign currency) or in regular business activity.

The major part of the Group transactions is carried out in euro or in the respective local currency of the foreign subsidiary. A relevant exchange risk can take effect for Austrian Gaming Industries GmbH because of high purchase volumes in USD, the other sale and purchase transactions of foreign and local currencies are equilibrated or are circumstantial in terms of volume.

The development of the exchange risk relevant for NOVOMATIC AG is constantly monitored and collateralized if necessary, to minimize this risk. In case of Austrian Gaming Industries GmbH the current need for USD is partially secured by the means of futures.

As of the balance sheet date, at the NOVOMATIC Group mostly financial liabilities bearing interest in euro exist, so that no essential exchange risk prevails in this area.

The following chart shows, based on reasonable judgment, the effect of a possible exchange rate fluctuation of +/- 0.10 US-Dollar to euro on the profit before taxes or on equity.

in TEUR	2008		2007	
Exchange rate fluctuation USD to EUR	+ 10 USD Cent	- 10 USD Cent	+ 10 USD Cent	-10 USD Cent
Change in the operating profit	7,394	-8,468	5,946	-6,876
Change in equity	5,546	-6,351	4,460	-5,157

## c) Capital investments

In this area, the risks primarily concern exchange rate and valuation risks related to capital investments. The securities held by NOVOMATIC AG comprise predominantly stocks traded at the Vienna Stock exchange that were affected by the global capital losses in the period under report.

In the reporting period 2008 convertible bonds, options and stocks from Octavian Global Technologies Inc were acquired. An internal valuation was held liable for the purchase price of the rights and interests. There is a risk, that the internal purchase price allocation differs from the actual market value.

Furthermore, in the year 2008 no substantial stocks were acquired or sold to companies listed at the stock exchange.

## Financial Instruments

To collateralize financial risks NOVOMATIC AG has concluded the following derivatives:

in TEUR	31.12.2008		31.12.2007	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap 2004-2009	2,000	-16	2,000	34
Interest rate swap 2006-2012	30,000	182	30,000	-1,303
Interest rate swap 2007-2014	30,000	-1,698	30,000	110
Interest rate swap 2007-2012	30,000	100	30,000	-1,403
USD futures trading 16.01.09-16.09.09	31,938	1,237	0	n/a
USD Ratio-Forward-Strip 15.01.09-13.03.09	12,775	310	0	n/a

The market value of derivatives corresponds to the amount that the respective company would receive or would have to pay in case of cancellation of the derivative activity. Thereby the prevailing market conditions and especially the prevailing interest levels are considered.

## Other information

### Average number of employees

The average number of employees evolved as follows:

	12/31/2008	12/31/2007
Salaried employees	3,926	3,066
Workers	4,939	3,144
<b>Total</b>	<b>8,865</b>	<b>6,210</b>

### Related Party transactions

The following table contains the total amount of related party transactions for the respective period:

In TEUR	Associated companies		Management		Others	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Receivables	5,591	422	0	0	17,767	5,600
Liabilities	0	13	292	240	4,853	4,063
Loans receivable	8,087	0	0	0	0	0
Other liabilities	0	0	0	0	2,398	4,283
Sales	8,228	3,827	0	0	31,706	17,057
Cost of material	0	0	0	0	66,855	44,680
Consulting services	0	0	242	265	1,107	902
Research and development	0	0	0	0	2,668	2,643
Other expenses	833	4	0	0	2,921	2,591

The transactions with associated companies result from the business related exchange of goods and services. Associated companies are mentioned under the scope of consolidation. The Group granted loans to associated companies at interest rates customary in the market.

The position management comprises the supervisory board and the board of management of NOVOMATIC AG. The business relationships with the management result from consulting services. The management's remuneration is disclosed under the note "company organs".

Other related parties are essentially companies that are controlled by the management or by the shareholders of NOVOMATIC AG. The transactions with the other related parties result from the delivery of goods and services, rental fees and research and development services. Furthermore real estate property amounting to TEUR 1,600 was acquired from other related parties. The group received loans from related parties bearing interest at-arm's-length.

Accounts receivable are unsecured and are settled in cash. Guarantees were neither given nor received.

#### Contingent liabilities

In TEUR	12/31/2008	12/31/2007
Bill commitments	270	56
Suretyships and guarantees	35,179	1,260
<b>Total</b>	<b>35,449</b>	<b>1,316</b>

Within a hotel and casino project in Chile, NOVOMATIC AG stand surety in the amount of TEUR 33.974 for the benefit of Standard Bank of South Africa Limited for a subsidiary of the associated company Novo Sun S.A., Chile. The total amount of the suretyship was limited at TEUR 42,735. The Group also granted a payment guarantee against UniCredit Bank Austria AG amounting to TEUR 1,000 (previous year: TEUR 1,000) for Mega Games srl. Bozen in favor of Atlantis World Group of Companies N.V. Netherlands.

#### Subsequent events after date of balance

Subsequent to December 31<sup>st</sup>, 2008 no relevant events that would have led to a different presentation of the financial and profit situation arose.

### Company Organs

The following members of the executive board were appointed for the business year 2008:

Dr. Franz Wohlfahrt (CEO)

KR DI Ryszard Presch (COO)

Mag. Peter Stein (CFO)

In the business year 2008, the supervisory board was constituted by the following members:

KR Herbert Lugmayr (Chairman)

Dr. Gernot Hain (Deputy chairman)

Helmut Jell

Mag. Karl Schlögl

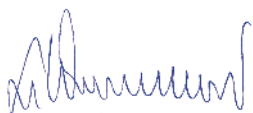
The current total remuneration of the members of the executive board of NOVOMATIC AG amounted to TEUR 1,123 for the business year 2008 (previous year: TEUR 728). Within the expenses for severance payments and pensions TEUR 158 (previous year: TEUR 53) respectively TEUR 232 (previous year: TEUR 240) are attributed to the board of management.

The members of the supervisory board received TEUR 120 (previous year: TEUR 72) for their function in the business year 2008.

Loans in the amount of TEUR 0 (previous year: TEUR 159) were accorded to members of the board of management as of December 31<sup>st</sup>, 2008. No liabilities for loans to members of the supervisory board and the board of management existed.

Gumpoldskirchen, April 30<sup>th</sup>, 2009

The executive board of NOVOMATIC AG:



**Dr. Franz Wohlfahrt**  
CEO



**DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO

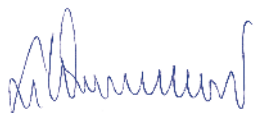
## Statement of the executive board

We confirm to the best of our knowledge that the consolidated financial statements as of December 31<sup>st</sup>, 2008 give a true and fair view of the financial position, the financial performance, and the cash flows of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and that the consolidated management report of December 31<sup>st</sup>, 2008 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of principal risks and uncertainties of Group faces.

We confirm to the best of our knowledge that the separate financial statements as of December 31<sup>st</sup>, 2008 give a true and fair view of the financial position, the financial performance, and the cash flows of NOVOMATIC AG required by the Austrian Company Code and that the management report of December 31<sup>st</sup>, 2008 gives a true and fair view of the development and performance of the business and the position of the Company, together with a description of principal risks and uncertainties of Company faces.

Gumpoldskirchen, April 30<sup>th</sup>, 2009

The executive board of NOVOMATIC AG:



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO

# Audit opinion

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NOVOMATIC AG, Gumpoldskirchen for the financial year from January 1<sup>st</sup>, 2008 to December 31<sup>st</sup>, 2008. These consolidated financial statements comprise the balance sheet as at December 31<sup>st</sup>, 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended December 31<sup>st</sup>, 2008, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing (ISA), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of December 31<sup>st</sup>, 2008, and of its financial performance and its cash flows for the financial year from January 1<sup>st</sup>, 2008 to December 31<sup>st</sup>, 2008 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

**Report on the consolidated management report**

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group.

In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, April 30<sup>th</sup>, 2009

Deloitte Audit Wirtschaftsprüfungs GmbH

**Dr. Christoph Waldeck m.p.**

Austrian Certified Public Accountant

If the consolidated financial statements are published or transmitted in a version, which differs from the confirmed version, it is neither allowed to quote the audit opinion nor is it allowed to refer to our audit without prior consent.

This English translation of the audit report was prepared for the client's convenience only and is based on the German version. We are not liable for different interpretations resulting from the translation.

# Financial Statements NOVOMATIC AG

# Balance Sheet

as of December 31<sup>st</sup>, 2008

		12/31/2008	12/31/2007
ASSETS		EUR	TEUR
<b>A.</b>	<b>Fixed assets</b>		
	<b>I, Intangible assets</b>		
	Industrial property rights, licenses and similar rights	18,597,178.59	16,700
	<b>II, Tangible assets</b>		
	1, Land, buildings and improvements in third-party buildings	104,610,800.42	60,277
	2, Plants and machinery	180,647.80	171
	3, Office fixtures, fittings and equipment	785,502.06	1,051
	4, Tangible assets in course of construction	21,585,073.87	2,590
		<b>127,162,024.15</b>	<b>64,089</b>
	<b>III, Financial assets</b>		
	1. Shares in affiliated companies	192,727,889.85	178,373
	2. Loans to affiliated companies	45,040,462.77	19,782
	3. Investments	3,738,607.00	3,264
	4. Securities held as fixed assets	2,631,705.87	6,132
	5. Other loans	5,021,882.51	3,667
		<b>249,160,548.00</b>	<b>211,218</b>
		<b>394,919,750.74</b>	<b>292,007</b>
<b>B.</b>	<b>Current assets</b>		
	<b>I. Receivables and other assets</b>		
	1. Trade receivables	302,849.90	248
	2. Receivables from affiliated companies	150,130,878.31	59,949
	3. Other receivables and assets	15,739,351.44	6,853
		<b>166,173,079.65</b>	<b>67,050</b>
	<b>II. Securities and Shares</b>		
	Other securities and shares	<b>13,909.50</b>	<b>2,018</b>
	<b>III. Cash, bank deposits</b>	<b>19,243,429.67</b>	<b>18,440</b>
		<b>185,430,418.82</b>	<b>87,508</b>
<b>C.</b>	<b>Prepaid expenses</b>		
	1. Prepaid expenses	1,049,934.70	1,234
	2. Deferred tax assets	1,166,079.00	0
		<b>2,216,013.70</b>	<b>1,234</b>
		<b>582,566,183.26</b>	<b>380,749</b>

		12/31/2008	12/31/2007
		EUR	TEUR
<b>Liabilities and Shareholders' Equity</b>			
<b>A,</b>	<b>Shareholders equity</b>		
	I, Share capital	26,000,000.00	26,000
	II, Capital reserves (tied up)	976,371.00	976
	III, Profit reserves Legal reserves	1,623,629.00	1,624
	IV, Retained profits (thereof profit carried forward EUR 84.157.137,36. prior year, TEUR 56.675)	165,332,274.42	114,157
		<b>193,932,274.42</b>	<b>142,757</b>
<b>B,</b>	<b>Untaxed reserves</b>		
	Valuation reserve from special depreciation allowances	151,929.67	164
<b>C.</b>	<b>Accruals</b>		
	1. Accruals for severance payment	867,038.00	692
	2. Pension accruals	711,789.00	576
	3. Tax accruals	2,155,550.16	115
	4. Other accruals	2,432,343.36	480
		<b>6,166,720.52</b>	<b>1,863</b>
<b>D.</b>	<b>Liabilities</b>		
	1. Bonds	150,000,000.00	150,000
	2. Due to banks	202,314,733.99	67,226
	3. Trade payables	11,299,266.84	2,863
	4. Payables to affiliated companies	631,879.73	361
	5. Other liabilities		
	a) Thereof taxes	8,119.92	3
	b) Thereof social security	37,351.95	26
	c) Other	18,023,906.22	15,486
		<b>18,069,378.09</b>	<b>15,515</b>
		<b>382,315,258.65</b>	<b>235,965</b>
		<b>582,566,183.26</b>	<b>380,749</b>
	<b>Contingent liabilities</b>	<b>54,807,310.93</b>	<b>18,156</b>

# Profit and Loss Account

from January 1<sup>st</sup>, 2008 to December 31<sup>st</sup>, 2008

	2008	2007
	EUR	TEUR
1. Sales	34,277,071.10	23,100
2. Other operating income		
a) Income from the disposal of fixed assets except financial assets	74,535.49	0
b) Income from dissolution of accruals	24,995.00	0
c) Other	722,154.53	543
	<b>821,685.02</b>	<b>543</b>
3. Personnel expenses		
a) Salaries	-2,491,376.70	-1,513
b) Expenses for severance payments and contributions to external severance payments funds	-201,546.82	-545
c) Pension expenses	-135,378.00	-131
d) Cost of statutory social security, payroll-related taxes and mandatory contributions	-439,940.71	-308
e) Other social expenses	-53,627.96	-30
	<b>-3,321,870.19</b>	<b>-2,527</b>
4. Amortization of intangible assets and depreciation of tangible assets	-8,954,896.65	-6,437
5. Other operating expenses		
a) Taxes not included in line 15	-221,270.21	-60
b) Other	-17,234,308.61	-16,377
	<b>-17,455,578.82</b>	<b>-16,437</b>
<b>6. Operating income (subtotal of lines 1 to 5)</b>	<b>5,366,410.46</b>	<b>-1,758</b>
7. Investment income (thereof from affiliated companies: EUR 81,399,687.31; prior year: TEUR 70,276)	81,983,216.05	70,589
8. Income from other investments and long term loans (thereof from affiliated companies: EUR 1,923,386.67; prior year: TEUR 944)	2,218,701.78	1,252

		2008	2007
		EUR	TEUR
9.	Other interest and similar income (thereof from affiliated companies, EUR 2.245.206,61; prior year, TEUR 1.026)	8,694,587.19	3,009
10.	Gain from disposal of and appreciation to financial assets	179.17	54
11.	Expenses from financial assets (thereof depreciation EUR 3,640,925.11; prior year TEUR 6,124)	-3,690,302.03	-6,895
12.	Interest and similar expenses (thereof from affiliated companies: EUR 57,782.14; prior year: TEUR 19)	-16,262,661.90	-8,190
<b>13.</b>	<b>Financial result</b> (subtotal of lines 7 to 12)	<b>72,943,720.26</b>	<b>59,819</b>
<b>14.</b>	<b>Results from ordinary activities</b>	<b>78,310,130.72</b>	<b>58,061</b>
15.	Taxes on income (thereof tax apportionment EUR 4,833,638.25; prior year TEUR 0)	2,853,237.88	-587
<b>16.</b>	<b>Net income for the year</b>	<b>81,163,368.60</b>	<b>57,474</b>
17.	Dissolution of untaxed reserves Evaluation reserve from special depreciation allowances	15,209.39	14
18.	Allocation to untaxed reserves Evaluation reserve from special depreciation allowances	-3,440.93	-6
<b>19.</b>	<b>Net profit for the year</b>	<b>81,175,137.06</b>	<b>57,482</b>
20.	Profits carried forward from previous year	84,157,137.36	56,675
<b>21.</b>	<b>Retained profits</b>	<b>165,332,274.42</b>	<b>114,157</b>

# Audit opinion

We have audited the financial statements, including the accounting records of NOVOMATIC AG, Gumpoldskirchen, for the fiscal year from January 1<sup>st</sup>, 2008 to December 31<sup>st</sup>, 2008. The Company's management is responsible for the preparation and content of the financial statements and the accounting records and the management report in accordance with Austrian regulations. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report is in accordance with the financial statements.

We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from misstatement and whether we can state that the management report is in accordance with the financial statements. In determining audit procedures we considered our knowledge of the business, the economic and legal environment of the company and as well as the expected occurrence of errors.

The audit involves procedures to obtain evidence about amounts and disclosures in the financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements are in accordance with legal requirements and present fairly in all material respects, the financial position of the NOVOMATIC AG as of December 31<sup>st</sup>, 2008 and of the results of its operations and its cashflows for the fiscal year from January 1<sup>st</sup>, 2008 to December 31<sup>st</sup>, 2008, in accordance with Austrian generally accepted accounting principles. The management report is in accordance with the financial statements.

Vienna, April 30<sup>th</sup> 2009

Deloitte Audit Wirtschaftsprüfungs GmbH

**Dr. Christoph Waldeck m.p.**

Austrian Certified Public Accountant

If the financial statements are published or transmitted in a version, which differs from the confirmed version, it is neither allowed to quote the audit opinion nor is it allowed to refer to our audit without prior consent.

This English translation of the audit report was prepared for the client's convenience only and is based on the German version. We are not liable for different interpretations resulting from the translation.

# Report of the Supervisory Board of NOVOMATIC AG

for the financial year 2008


In its meetings held during the course of the financial year 2008, the Supervisory Board was regularly informed by the Board of Directors on the business policy and dealt thoroughly with the course of the business and the position of the company.

The annual financial statements as at 31<sup>st</sup> December, 2008 and the Management Report of the Board of Directors, to the extent that it explains the annual financial statements, have been examined under consideration of the accounting by Deloitte Wirtschaftsprüfungs GmbH, which was appointed as the auditor by the Annual General Meeting and has been issued with an unqualified audit opinion. The examination of the annual financial statements by the Supervisory Board did not give rise to any objections. The Supervisory Board agrees with the proposal of the Board of Directors regarding use of the net profits from 2008. The annual financial statements drawn up by the Board of Directors were approved by the Supervisory Board and thus adopted in accordance with the Aktiengesetz (AktG – Austrian Stock Companies Act).

The Supervisory Board acknowledges and thanks the Board of Directors and all employees of NOVOMATIC AG's companies for the work in the financial year 2008.

Gumpoldskirchen, April 2009

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'KR Herbert Lugmayr', is positioned above the printed name and title.

**KR Herbert Lugmayr**  
Chairman

# Notes



# Imprint

This English translation of the financial statements for the year ended on 31<sup>st</sup> December, 2008 was prepared for the company's convenience only. It is not a binding legal translation of the German financial statements for the year ended 31<sup>st</sup> December, 2008. In case of differences between the English and the German versions the latter shall prevail.

Proprietor, editor and publisher:

NOVOMATIC AG, Wiener Straße 158  
A-2352 Gumpoldskirchen, Tel. +43 2252 606 0  
Company registration number: FN 69548b  
[www.novomatic.com](http://www.novomatic.com)

Editors: Dr. Hannes Reichmann, Dr. Monika Racek (CSR)  
Layout: CIDCOM Werbeagentur GmbH, AD: Ronald Talasz  
Photography: Krischanz & Zeiller, museum gugging  
Artworks (Gugging-Artists) © Privatstiftung – Künstler aus Gugging,  
except for works by August Walla and Philipp Schöpke © Galerie Gugging  
Printed by AV+Astoria Druckzentrum GmbH



