



NOVOMATIC AG

INTERIM FINANCIAL REPORT – 30 JUNE 2007

Key Figures of NOVOMATIC AG (Group)

All figures in million EUR (except *)	6 months to 30.06.07	12 months to 31.12.06
Sales revenue	446.9	754.6
EBITDA	136.8	199.3
EBITDA margin (EBITDA/sales)*	30.6%	26.4%
Operating income (EBIT)	100.3	156.8
Consolidated operating income after taxes	65.8	104.5
Total assets	730.9	615.2
Equity	355.7	280.9
Average number of employees during the year*	5,330	4,370

Management Report

for the Consolidated Interim Financial Report 2007
of NOVOMATIC AG, Gumpoldskirchen

Overall Corporate Development of NOVOMATIC

Sales and Rentals

After presenting a number of innovations at the International Casino Exhibition (ICE) 07 in London, one of the world's most important gaming fairs, Novomatic continued its brisk development of new gaming machines and gaming systems in the course of the first six months of the 2007 fiscal year. Sales and order figures showed very satisfying progress for the first half of 2007.

The company's business activities in Germany are developing in an exceedingly successful manner. By the end of June, approximately 24,000 units of the new Novo Line product generation were delivered.

Gaming Establishments

Together with Sun International Ltd., an internationally renowned operator of casinos and hotel resorts, Novomatic launched one of the most important casino projects in Latin America in the beginning of 2007. The project envisages a total of 1,500 gaming machines, 80 gaming tables and 300 bingo terminals and is due to open at the end of 2008.

In Germany, the expansion of electronic slot arcades successfully forged ahead, with the number of locations increasing from 46 to 64.

Furthermore, the first six months of 2007 saw a continued expansion of Novomatic gaming establishments in Latvia, Romania, Croatia, Poland, Hungary, and the Ukraine.

Location development in Lower Austria continued according to plan.

Betting Shops

The Austrian network of betting outlets continued to expand. During the first half of 2007, the number of locations rose from 164 to 167. Additionally, preparations for the market entrance in Italy were made.

Financial Performance Indicators

Asset Situation

Total assets rose by 115.7 million to EUR 730.9 million compared to December 31, 2006. Growth in assets is primarily due to an increase in fixed assets by EUR 78.3 million to EUR 320.8 million. The investments mainly involved land and buildings to the amount of EUR 20.7 million, investments in technical facilities and gaming machines to the amount of EUR 87.8 million.

Total short-term assets increased by EUR 34.1 million to EUR 334.0 million. Trade receivables grew by EUR 37.7. Liquid assets totalled EUR 111.3 million, decreasing by EUR 9.7 million as compared to the December 31, 2006 figures. Prepaid expenses declined by EUR 3.8 million to EUR 4.1 million.

At the end of the first half of 2007, equity amounted to EUR 355.7 million in total, corresponding to an equity ratio of 48.7% (31.12.2006: 45.7%).

Financial Situation

From current business activities in the first six months of 2007, a cash inflow of EUR 127.7 million was generated throughout the Group, including changes in net working capital.

Cash outflows due to the Group's investment activities amounted to EUR 114.9 million during the first half of 2007, the most important reasons for this being investments in tangible fixed assets. In keeping with the growth strategy adopted by Novomatic, substantial investments in our own gaming establishments were made whilst also gradually expanding the number of rented-out gaming machines.

During the first six months of 2007, cash outflow due to financing activities amounted to EURO 23.0 million.

Profit Situation

Sales revenue amounted to EUR 446.9 million in the first half of 2007 (2006 in total: EUR 754.6 million), with EUR 250.3 million being yielded by sales and rentals, EUR 158.5 million by gaming establishments, and EUR 92.6 million by the betting shops segment.

The cost of sales amounted to EUR 210.1 million, compared to a total of EUR 340.6 million in 2006. Personnel expenses were EUR 79.6 million during the first six months of 2007. Other operating expenses accounted for EUR 109.9 million (2006 in total: EUR 179.4 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 136.8 million compared to a total of EUR 199.3 million in 2006.

Results from ordinary business activities amounted to EUR 96.9 million, compared to a total of EUR 153.4 million in 2006. After deducting taxes on income, a consolidated income of EUR 65.8 was achieved.

Significant Events after the Balance Sheet Date

In August 2007, the Group acquired a controlling interest in Crown Technologies GmbH, a well-known manufacturer active on the German market, exemplifying the expansion-oriented corporate policy in Germany.

As of August 1, 2007, 100% of the shares of Hungary-based Senator SW Kft. were acquired by Novomatic.

Consolidated Balance Sheet

as at June 30, 2007

	Notes	30.06.2007 EUR	31.12.2006 Thd. EUR
ASSETS			
Long-term assets			
Intangible assets		23,552,665.18	23,933
Tangible Assets and real property held as financial investments	(1)	321,277,470.92	242,966
Interests in associated companies		10,203,366.90	9,483
Financial assets		7,930,120.46	5,871
Deferred tax asset		16,325,226.22	16,305
Other long-term assets		17,652,067.34	16,827
		396,940,917.02	315,385
Short-term assets			
Inventories	(2)	68,470,943.30	64,088
Short-term receivables and other short-term assets	(3)	138,796,692.94	107,866
Profit tax receivables		2,535,192.22	2,695
Short-term financial assets		12,877,534.45	4,244
Cash in hand and short-term financial capital		111,281,779.36	120,970
		333,962,142.27	299,863
Total ASSETS		730,903,059.29	615,248
EQUITY AND LIABILITIES			
Equity			
Share capital		26,000,000.00	26,000
Capital reserves		976,371.00	976
Profit reserves		300,619,729.44	234,776
Revaluation reserves according to IAS 39		2,579,978.92	2,573
Adjustment item for currency translation		-804,078.53	-1,279
		329,372,000.83	263,046
Minority interests		26,285,755.20	17,860
		355,657,756.03	280,906
Long-term liabilities			
Long-term financial payables	(4)	176,624,340.61	170,546
Long-term provisions		18,993,705.24	18,339
Deferred tax		3,202,511.82	4,017
Other long-term liabilities		5,774,480.31	876
		204,595,037.98	193,778
Short-term liabilities			
Short-term financial payables		14,745,556.95	16,548
Short-term provisions		22,397,532.17	19,222
Profit tax payables		25,375,300.87	19,083
Other short-term liabilities	(5)	108,131,875.29	85,711
		170,650,265.28	140,564
Total EQUITY AND LIABILITIES		730,903,059.29	615,248

Consolidated Profit and Loss Account

for the 6 months to June 30, 2007

	Notes	6 months to 30.06.07 EUR	12 months to 31.12.06 Thd. EUR
Sales revenue	(6)	446,897,102.27	754,612
Increase / decrease in inventory		1,566,758.77	-2,170
Own work capitalized		81,311,980.95	71,378
Other operating income		6,546,177.80	22,602
Cost of materials and production-related services purchased		-210,063,644.10	-340,558
Personnel expenses		-79,550,735.75	-127,177
Other operating expenses		-109,863,030.89	-179,361
EBITDA		136,844,609.05	199,326
Amortization of intangible assets and depreciation of tangible assets		-36,557,732.56	-42,479
Operating income (EBIT)		100,286,876.49	156,847
Income from associated companies		312,753.28	1,177
Interest and other financial income		-3,730,777.50	-4,594
Financial result		-3,418,024.22	-3,417
Results from ordinary activities		96,868,852.27	153,430
Taxes on income		-23,973,938.73	-39,963
Profit after tax		72,894,913.54	113,467
Minority interests in the Profit after Tax		-7,051,047.36	-8,950
CONSOLIDATED RESULT		65,843,866.18	104,517

Cash Flow Statement

	Notes	6 months to 30.06.07 EUR	12 months to 31.12.06 Thd. EUR
Net cash flow from operating activities		127,737,757.24	155,689
Net cash flow from investment activities		-114,924,760.69	-165,619
Net cash flow from financing activities		-22,975,944.32	-23,843
Adjustments from currency translation		474,832.25	-1,279
Changes in net funds		-9,688,115.52	-35,052
Net funds at the beginning of the period		120,969,894.88	156,021
Net funds at the end of the period		111,281,779.36	120,970
Changes in net funds		-9,688,115.52	-35,052

Equity Movements

	Interests of Novomatic AG Owners					Total	Minority Interests	Equity
	Share Capital	Capital Reserves	Profit Reserves	Revaluation reserves according to IAS 39	Adjustment item for currency translation			
All figures in EUR								
As at January 1, 2007	26,000,000.00	976,371.00	234,775,863.26	2,572,978.92	-1,278,910.78	263,046,302.40	17,860,116.41	280,906,418.81
1) Ordinary capital increase						0.00	1,187,363.52	1,187,363.52
2) Dividends						0.00	-207,541.70	-207,541.70
3) adjustments from currency translation					474,832.25	474,832.25	82,564.49	557,396.74
4) Reporting period result								
a) Items directly accounted for at equity								
Reserves for interest rate hedges				0.00		0.00		0.00
Reserves for securities				7,000.00		7,000.00		7,000.00
b) Annual surplus			65,843,866.18			65,843,866.18	7,051,047.36	72,894,913.54
Reporting period result in total	0.00	0.00	65,843,866.18	7,000.00	0.00	65,850,866.18	7,051,047.36	72,901,913.54
5) Minority interest increases / decreases						0.00	312,205.12	312,205.12
6) Change of scope of consolidation as well as interest increases								
As at June 30, 2007	26,000,000.00	976,371.00	300,619,729.44	2,579,978.82	-804,078.53	329,372,000.83	26,285,755.20	355,657,756.03
All figures in EUR								
	Interests of Novomatic AG Owners					Total	Minority Interests	Equity
	Share Capital	Capital Reserves	Profit Reserves	Revaluation reserves according to IAS 39	Adjustment item for currency translation			
All figures in EUR								
As at January 1, 2006	26,000,000.00	976,371.00	163,734,472.90	1,349,369.93	0.00	192,060,213.83	8,631,784.63	200,691,998.46
1) Ordinary capital increase						0.00	397,178.18	397,178.18
2) Dividends			-30,000,000.00			-30,000,000.00	-2,105,565.12	-32,105,565.12
3) adjustments from currency translation					-1,278,910.78	-1,278,910.78	-43,126.56	-1,322,037.34
4) Reporting period result								
a) Items directly accounted for at equity								
Reserves for interest rate hedges				19,705.72		19,705.72		19,705.72
Reserves for securities				1,203,903.27		1,203,903.27		1,203,903.27
b) Annual surplus			104,516,507.72			104,516,507.72	8,821,159.28	113,337,667.00
Reporting period result in total	0.00	0.00	104,516,507.72	1,223,608.99	0.00	105,740,116.71	8,821,159.28	114,561,275.99
5) Minority interest increases / decreases							2,158,686.00	2,158,686.00
6) Change of scope of consolidation as well as interest increases			-3,475,117.36			-3,475,117.36		-3,475,117.36
As at December 2006	26,000,000.00	976,371.00	234,775,863.26	2,572,978.92	-1,278,910.78	263,046,302.40	17,860,116.41	280,906,418.81

Appendix

to the Consolidated Interim Financial Report 2007 of
NOVOMATIC AG, Gumpoldskirchen

Introduction

For the first time, Novomatic AG is now required to prepare an interim financial report as at 30 June 2007 conforming to IAS 34 regulations due to recent amendments to the Stock Exchange Act. Previously, Novomatic AG had to prepare consolidated annual accounts to the accounting reference date pursuant to the Austrian Corporate Code only. Therefore, no interim account statements were prepared, either pursuant to the Corporate Code or in accordance with the IFRS, which explains why there are no figures available from previous years for comparison with the reporting period for the 6 months to 30 June 2007, for the profit and loss accounts, cash flow statements, equity trends, and segmental reporting.

Calculation of the comparative figures for the first six months of 2006 would have involved excessive efforts, due to the exceedingly short period between the amendments coming into effect on April 26, 2007 and the stipulated date of publication. It was for this reason that no figures for the first half of 2006 were prepared in compliance with the provision concerning the first-time application of the IFRS. As a result, the figures for the closing date of December 31, 2006 are used for comparison purposes in this document.

Mandatory Reviewer Information

This Interim Financial Report 2007 was not submitted to an independent auditor for review.

Accounting Policies

This Consolidated Interim Financial Statement as at June 30, 2007 was prepared in conformity with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the application of which has become mandatory throughout the European Union.

There were no changes in the account policies and valuation methods used in the reporting period comprising the first half of 2007 as compared to the 2006 annual financial statement.

In common with the preparation of any set of Financial Statements the use of estimates and assumptions has been necessary in a number of areas within this Interim Report. These estimates may have an effect on the valuation of assets and liabilities as well as revenues and costs, within the reporting period. The estimates and assumptions have been made using the utmost care and diligence and are made on the basis of the latest available relevant information, but may differ from the actual situation.

This Interim Financial Statement has been prepared in Euros. Except where indicated, the figures shown in the tables and the corresponding notes are given in EUR for the first half of 2007 while the figures as at December 31, 2006 are quoted in thousand EUR (Thd. EUR).

Scope of Consolidation

An overview of both the fully consolidated subsidiaries and the companies valued using the equity method can be found in the 2006 Annual Report of Novomatic AG published on the company's website at www.novomatic.com.

Due to the implementation of IFRS by Novomatic AG, the scope of consolidation as at December 31, 2006, now includes the following additional companies:

- Eagle Investment Sh.A., Albania (100%)
- Adriatik Game Sh.A., Albania (100%)
- Planeta Igr COO, Belarus (100%)
- Igrotech-Import OOO, Ukraine (100%)
- Novotech OOO, Russia (100%)
- Arena Sportwetten GmbH, Austria (100%)

During the first six months of 2007, the Group has acquired or established the following companies:

- Zolotaya Buhta OOO, Russia (99%)
- AuTec Automatenbetriebsges.m.b.H., Austria (90%)
- Barclajs Speles SIA, Latvia (60%)
- National Lotteries OOO, Russia (60%)
- HTL d.o.o. Sarajevo, Bosnia (100%)

Affiliated companies whose affect on the company's assets, finances and income situation is only of minor importance have not been included in the scope of consolidation but are instead accounted for as financial assets at their cost of their acquisition.

The scope of consolidation thus reflects the following development:

Scope of Consolidation	Full Consolidation	At Equity Valuation
As at December 31, 2006 (Corporate Code principles)	41	8
Switchover to IFRS	6	-
As of December 31, 2006 (IFRS)	47	8
Included for the first time in the first half	5	-
Excluded in the first half	-2	-
As at June 30, 2007	50	8
of which foreign companies	36	7

Notes to the Interim Financial Statement

(1) Tangible Assets

The main investment focus was on expanding the distribution network in existing and new markets with a view to consolidating and further improving the company's market position. For this reason, tangible asset investments primarily involved land and buildings to the amount of Thd.EUR 20,705, investments in technical facilities and machinery to the amount of Thd. EUR 87,718 and manufacturing equipment and fixtures to the amount of Thd. EUR 16,723.

(2) Inventories

In Thd. EUR	30.06.2007	31.12.2006
Raw materials, auxiliary materials and operating supplies	39,391	28,167
Unfinished goods	11,575	8,630
Finished goods and products	16,545	19,235
Work in progress	0	0
Payments on account	960	8,056
Total	68,471	64,088

(3) Short-term receivables and other short-term assets

In Thd. EUR	30.06.2007	31.12.2006
Trade receivables	104,870	67,224
Unconsolidated receivables from affiliated companies	9,885	11,280
Prepaid expenses	4,149	7,897
Other short-term receivables	19,893	21,465
Total	138,797	107,866

(4) Long-term financial payables

In Thd. EUR	30.06.2007	31.12.2006
Bank loans	23,369	17,618
Bonds and interest swaps	151,628	151,314
Finance lease payables	1,627	1,614
Total	176,624	170,546

(5) Other short-term liabilities

InThd, EUR	30.06.2007	31.12.2006
Trade payables	23,541	22,092
Unconsolidated payables to affiliated companies	68	121
Advances received from customers	4,841	2,214
Deferred income	43,694	14,565
Other short-term liabilities	35,988	46,719
Total	108,132	85,711

(6) Seasonality of the business

The business performance of Novomatic AG is not characterized by any significant seasonal fluctuations.

Reports by segment

InThd. EUR	Sales and Rentals	Gaming Establishments	Betting Shops	Others	Group Adjustments	Total
Revenue	250,342	158,490	92,639	15,872	-70,446	446,897
Operating income (EBIT)	68,214	39,869	-914	1,198	-8,080	100,287

Board of Directors and Supervisory Board of Novomatic AG

Members of the Board of Directors of Novomatic AG:

- Dr. Franz Wohlfahrt, Chairman of the Board of Directors
- DI Ryszard Presch, Deputy Chairman of the Board of Directors
- Mag. Peter Stein, Member, Chief Financial Officer of the Board

Members of the Supervisory Board of Novomatic AG:

- Herbert Lugmayr, Chairman
- Dr. Gernot Hain, Deputy Chairman
- Helmut Jell, Member
- Mag. Karl Schlögl, Member

During the first six months of 2007, no changes in the governing bodies of Novomatic AG occurred, the members of which remained the same as of December 31, 2006.

Significant Events after the Balance Sheet date

At the General Meeting held on July 3, 2007, a dividend payout of 30,000 Thd. EUR to the owners of Novomatic AG was approved.

For other significant events occurring after the end of the interim statement please refer to the Management Report.

Statement by the Board of Directors

The Board of Directors of Novomatic AG hereby declares that, to the best of its knowledge, the abridged account statement as at June 30, 2007 and the Interim Management Report, prepared in conformity with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as prescribed within the European Union, reflect the company's assets, finances and income situation as truthfully as possible.

Gumpoldskirchen, October 31, 2007

The Board of Directors of NOVOMATIC AG:

Dr. Franz Wohlfahrt
Chairman

DI Ryszard Presch
Deputy Chairman

Mag. Peter Stein
Member, Chief Financial Officer
of the Board