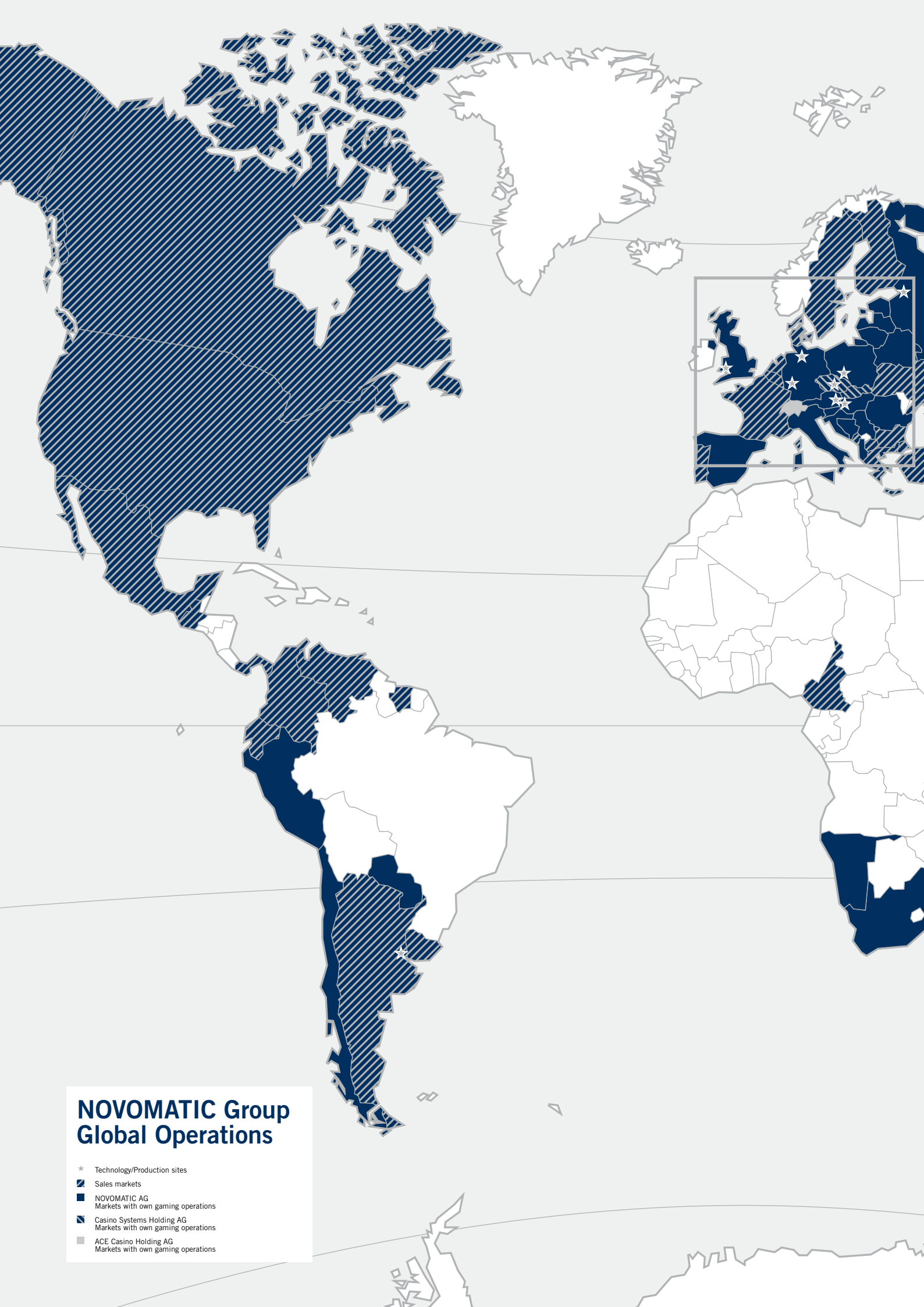


# NOVOMATIC AG

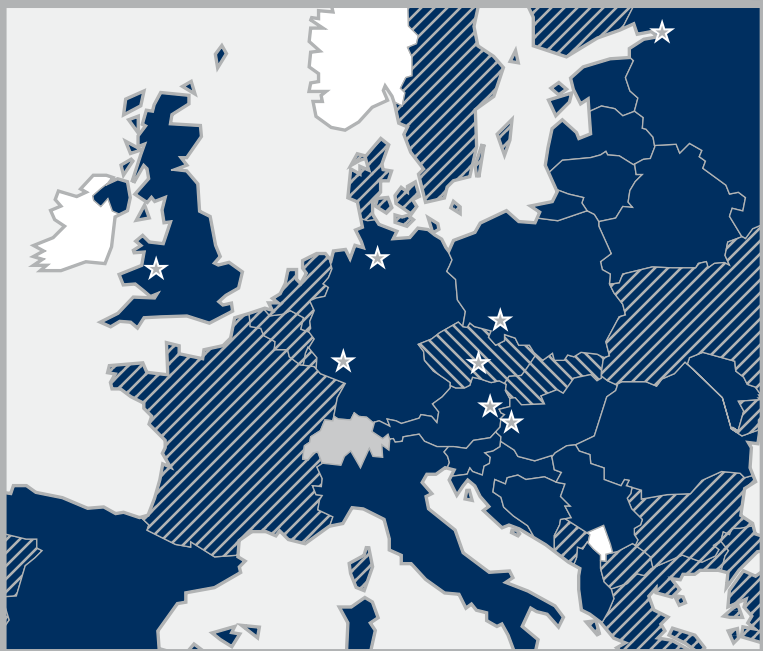
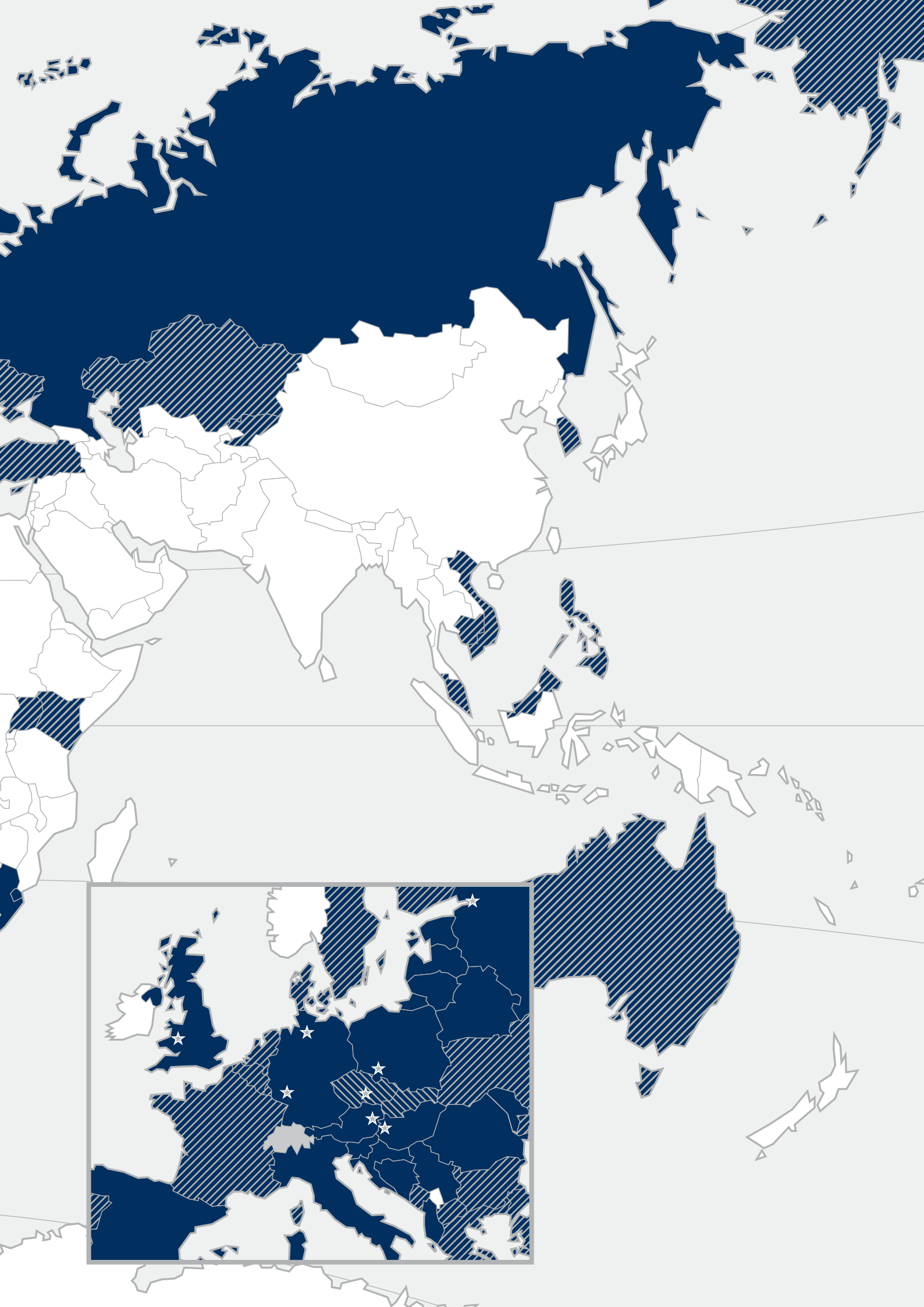


**NOVOMATIC AG**



## NOVOMATIC Group Global Operations

- ★ Technology/Production sites
- ▨ Sales markets
- NOVOMATIC AG  
Markets with own gaming operations
- ▨ Casino Systems Holding AG  
Markets with own gaming operations
- ACE Casino Holding AG  
Markets with own gaming operations



# Organizational Chart\*

## NOVOMATIC Group of Companies



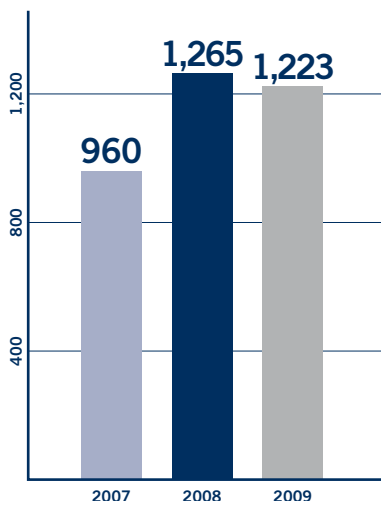
\*) Chosen investments

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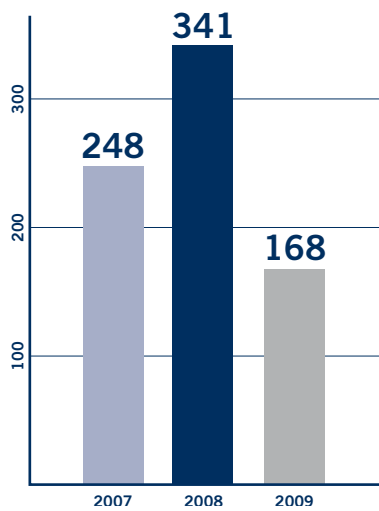
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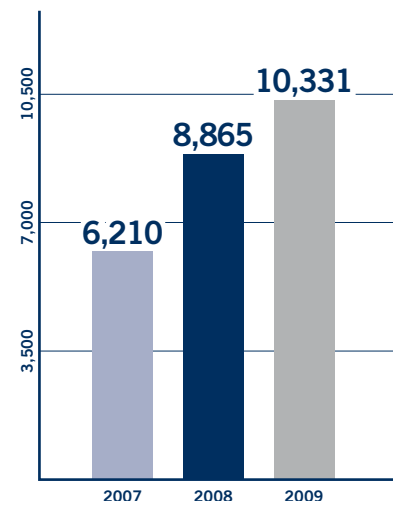
# Corporate Key Figures



**Sales revenue,  
NOVOMATIC AG**  
(in million EUR)



**Earnings  
before tax,  
NOVOMATIC AG**  
(in million EUR)



**Employees,  
NOVOMATIC AG**  
(annual average)





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

	2007	2008	2009
<b>Sales revenue</b>	960.2	<b>1,265</b>	1,223.3
<b>EBITDA</b>	329.3	<b>488.2</b>	399.2
<b>EBITDA margin (EBITDA/sales) in %</b>	34.3	<b>38.6</b>	32.6
<b>Earnings before interest and tax (EBIT)</b>	250.6	<b>345.9</b>	185.8
<b>EBIT margin (EBIT/sales) in %</b>	26.1	<b>27.5</b>	15.2
<b>Earnings before tax</b>	248.2	<b>340.9</b>	167.7
<b>Consolidated annual profit after tax</b>	182.7	<b>242.9</b>	58.9

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

	2007	2008	2009
<b>Balance sheet total</b>	917.9	<b>1,376.4</b>	1,515.5
<b>Equity capital</b>	434.2	<b>625.0</b>	639.6
<b>Equity ratio (equity capital/total assets) in %</b>	47.3	<b>45.4</b>	42.4
<b>Number of employees annual average</b>	6,210	<b>8,865</b>	10,331

\*) Source: Annual Statements of 12/31/2007 and 12/31/2009 as per IFRS

# Highlights 2009



Spring 2009

## The new group headquarters

The new NOVOMATIC headquarters in Gumpoldskirchen – a central building complex with a length of 350 meters and an eight-story administration building – went into full operation in 2009. This building, with a total investment volume of EUR 90 million, accommodates Research & Development and Group Headquarters. The building complies with the very latest standards.



Summer 2009

## Novomatic Forum

The opening of the Novomatic Forum marks the realization of the largest corporate responsibility project in the Group's history: A much publicized meeting place, the carefully renovated former "Verkehrsbureau" building at Vienna's Naschmarkt has since enabled dialogue between the arts and culture, business, politics and science.



Autumn 2009

## Monticello Grand Casino

Autumn saw the opening of the overall complex of the Monticello Grand Casino & Entertainment World located south of the Chilean capital, Santiago de Chile. Latin America's largest casino resort features 1,500 gaming machines, 80 live tables, a bingo hall with 300 seats and a five-star hotel, as well as a conference center and a shopping and entertainment mall.



Winter 2009

## Hotel & Casino Kozina

In December, the new Hotel & Casino Resort Admiral started operations in Kozina, Slovenia. In close proximity to the Italian and Croatian border, a state-of-the-art casino with slot machines and fully automatic roulette systems was opened. Guests are additionally offered a modern hotel with 88 rooms as well as a restaurant with bar.



Dear Ladies and Gentlemen,

The true strength of a company becomes evident in times of crisis. We look back now on a year that, on the whole, went very well for us, despite the continued economic downturn. Amidst an extremely tough environment, we nonetheless managed to make progress on our most important projects at home and abroad, asserting and even partly strengthening our group's position in the strategic core markets. As a result, we are able to present good results for the fiscal year 2009, even though they are below the record results of 2008 due to the general economic circumstances.

We owe this achievement, even in economically difficult times, to our long-term corporate strategy and to our courage to engage in counter-cyclical investments in times of crisis. We proved this not only with the new construction of our group headquarters in Gumpoldskirchen in Lower Austria that went into operation last year and was built with an overall investment amounting to EUR 90 million, but also with investments abroad, so far totaling more than EUR 400 million. All these measures are meant to help to secure jobs in our group for the long term.

Now more than ever, we stand by our responsibility as an employer. I am firmly convinced that we have chosen the right path by investing in our staff over the long term instead of focusing on short-term profit maximization. I am confident that, in return, I may rely on the full and dedicated commitment and creativity of our employees.

NOVOMATIC AG entered the thirtieth year of its existence under optimum conditions for long-term success. My confidence is partly due to our investments in research & development that are well above the industry average. This is what secures our position as innovator and technology leader in the global gaming industry. Our twofold strategy of being both producer and operator shall continue to guarantee that, with our product innovations, we will stay close to our customers and their needs and be the first to recognize trends, enabling us to transfer them into successful products as swiftly as possible.

# Foreword from the Founder and Majority Shareholder

The Novomatic Forum, which was opened last year in the heart of Vienna fills me with great pride. With the purchase and the subsequent careful renovation of the former “Verkehrsbureau” building at Vienna’s Naschmarkt, we have made accessible again to the public an architectural jewel that is dedicated to the dialogue between business, arts and culture and science. As a company with a marked sense of social responsibility, we have thus made an important contribution towards a lively civil society.

I therefore firmly believe that we may look to the future with confidence, not least because of the most valuable capital of the NOVOMATIC family, which increased to 15,700 members over the previous year – its employees who, despite the tough market environment, continue to demonstrate their outstanding expertise and skills most impressively.



Professor Johann F. Graf  
Founder and Majority Shareholder



## Dear Customers and Business Partners,

In the thirtieth year of its existence, NOVOMATIC AG looks back on an unparalleled story of success. Through his tireless hard work and his vision, NOVOMATIC Group's founder, Prof. Johann F. Graf, created an exemplary Austrian corporate group that has been able to establish itself as one of the leading gaming companies in the whole world. Even against the backdrop of the previous year's difficult market conditions, the NOVOMATIC Group impressively managed to maintain its leading role as red-white-red technology group (red-white-red signifying the colors of the Austrian flag) and, in some global regions, even to strengthen its position further.

At some point before the end of the year, we realized that even the gaming sector would not remain unaffected by the consequences of the financial and economic crisis. However, we are optimally prepared for this difficult phase. Besides investing in our new headquarters, which will strengthen our innovative power as a producer, we were also quick to take comprehensive measures in the more than 850 gaming facilities we operate worldwide. Cost-cutting programs, location optimization and modernized fittings and furnishings now provide for a better positioning on the market. We are therefore confident that, in comparison to the overall market, we shall indeed profit from the crisis and emerge stronger than before.

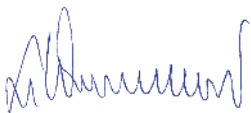
The 15,700 individuals now working for the NOVOMATIC Group of Companies around the world represent our greatest opportunity for success. We believe that investing in training and qualification measures during economically difficult times is the right way to prepare ourselves for the next upswing. The large number of international activities secures the 2,700 jobs we provide in Austria. The largest direct investment made by an Austrian company in Chile enabled the start of operations in Latin America's biggest casino resort, Monticello Grand Casino & Entertainment World, south of the capital, Santiago de Chile.

# Foreword from the Board of Directors

Heading into its anniversary year, NOVOMATIC has further strengthened its position as one of the leading technology companies in Austria, and has confirmed its status as an attractive employer with headquarters in Austria. In the context of an Austrian study on brand value, conducted in 2009, NOVOMATIC AG ranked eighth with a brand value of EUR 1.937 billion and showed the strongest growth rate among the countries' top ten brands.

At NOVOMATIC, social responsibility is more than just a phrase. For a second time now, we will give a detailed account of our corporate social responsibility activities in our financial report. This report section is illustrated with a selection of striking works provided by the Art Brut center Gugging with which we maintain a fruitful partnership. For its commitment, NOVOMATIC was awarded the Lower Austrian culture sponsoring prize "maecenas" in 2009.

Gumpoldskirchen, April 2010



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**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, in its role as manufacturer and operator, the undisputed number one in Europe. The core of the NOVOMATIC Group is Austrian-based NOVOMATIC AG with headquarters in Gumpoldskirchen, Lower Austria.

As a manufacturer with a wide range of different business areas, the NOVOMATIC Group covers the entire spectrum of the gaming market. It develops, manufactures and markets high-tech gaming equipment as well as innovative system solutions. In its role as an operator, NOVOMATIC additionally operates – either itself or via rental models – more than 140,000 gaming machines in over 850 electronic casinos, casino operations and sportsbetting outlets worldwide.

## More than 140,000 gaming machines operated in over 850 gaming facilities

NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) is the world's market leader in the area of interactive live games and multiplayer systems, and has been a technology leader in the production of cutting-edge gaming machines. The worldwide success of NOVOMATIC products is based upon a research and development investment rate that is traditionally well above the industry average, which is evidenced by a striking array of more than 1,000 intellectual property rights such as trademarks, patents and designs. The company gains its innovative edge in seven networked competence centers located in the United Kingdom, Germany,

the Czech Republic, Hungary and Poland, all of which are closely connected with the eighth and central competence center, NOVOMATIC AG's headquarters in Austria, where the group's R&D activities are based.

The R&D location at group headquarters was secured over the long term by investing EUR 90 million in the construction of a new center for research & development that went into full operation in 2009. Production, which used to be distributed across several plants, was relocated to the new workshops in early 2009 while operations started at the overall complex including the new administration center in the autumn of 2009.

Its technology leadership, coupled with its highly competitive competence centers, has enabled the group to launch innovative products year after year that do justice to its slogan "NOVOMATIC leads, others follow." These products are sold by subsidiaries based in 22 countries and exported to 62 countries around the globe.

## Success formula based on employees' professional knowledge and creativity

The formula for success that has made NOVOMATIC one of the world's leading integrated gaming companies and the undisputed number one in Europe is first and foremost based on the professional knowledge and creativity of its employees along with the driving force of its company founder and majority shareholder, industrialist Prof. Johann F. Graf.



Innovative technical solutions, novel approaches to game development and game design are based on excellent market knowledge: Ever since the founding of the company in 1980, the NOVOMATIC range of products has had the power to convince not only its customers around the world, but also the visitors to more than 850 gaming facilities, electronic casinos and sportsbetting outlets operated by the group. Besides offering an innovative range of gaming machines, particular importance is given to providing excellent support and a comprehensive selection of services.

### **NOVOMATIC manages to assert its leading position as a manufacturer**

In the years leading up to the economic crisis, all segments in which the group is engaged in business activities worldwide were distinguished by continual growth: sales increase was noticeably above the average economic growth rate in gaming facilities, electronic casinos and the sportsbetting segment alike. While in certain markets the financial and economic crisis did lead to cuts in the number of gambling operations as well as to facility location optimization, the group succeeded in asserting its leading position.

This means that all measures were taken in time to enable the group to profit from the crisis by gaining a better market positioning and emerging even stronger than before. As a manufacturer, NOVOMATIC benefits not only from the persistent trend shift away from live gaming toward electronic gaming, but also from offering one of the broadest product portfolios in

the industry, ranging from traditional and video slot machines, video poker machines, amusement with prize machines (AWP) (also known as limited payout machines [LPM]) and interactive live games to multiplayer systems, video lottery terminals (VLT), downloadable games and betting terminals.

### **Dual role of being both a producer and an operator proves successful in periods of crisis**

One driving factor for the group's technical development is its status of being both a producer and an operator of highly innovative gaming equipment and state-of-the-art game design on the one hand, and operator of gaming facilities, electronic casinos and sportsbetting outlets on the other: during the crisis, particularly, this twofold strategy has proven to be a significant advantage over market competitors, as it allows swift response to the ever-changing market needs in both lines of business.

Practical experience gained from the group's own operating activities is incorporated into NOVOMATIC's own research and development work and provides invaluable input for innovative developments and new products. All new product developments must therefore undergo field-testing in the group's own gaming facilities before they are officially approved for sale.

Besides the member states of the European Union, the group's core markets include, specifically, the markets in 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 advantageous in the medium and long term, like Asia or Latin America, also offer some financially rewarding future development opportunities.

As a true pioneer of the international gaming industry, the NOVOMATIC Group began implementing future-oriented key technologies such as network systems and server-based gaming at an early stage and integrated them promptly into its product range.

Besides manufacturing gaming equipment and operating casinos, electronic casinos and sportsbetting outlets, the group has recently had great success in establishing a third business segment: based on cooperative activities with Internet and telecommunications providers in regulated markets, the group will be able to generate additional revenues in economically difficult times as a content provider.

### **NOVOMATIC says 'no' to business where there is no regulatory framework**

Besides developing gaming content for iTV platforms, the group will in future aim increasingly at forming strategic partnerships in the area of digital TV with partners in the telecommunications or TV area in order to generate sustained growth for our corporate group in this future market.

All of these activities are based on the principle of offering products and gaming facilities exclusively in regulated markets with a clearly defined regulatory and legal framework

in place. For this reason, NOVOMATIC has again and again deliberately refrained from engaging in business activities in lucrative growth markets, as long as the necessary legal operating environment has not been put in place.

### **Responsible Gaming segment remains central and is being further expanded on an international scale**

In the area of Responsible Gaming, at the scientific and therapeutic level, NOVOMATIC has relied on its collaboration with renowned institutions such as the Anton Proksch Institute, which is the largest drug rehabilitation center in Europe, for many years. A training program for the early detection and prevention of gambling addiction, developed for employees by internationally renowned experts, has set new standards in player protection and is undergoing continuous further development.

The Responsible Gaming package of measures is complemented by a prevention and intervention system called "Gambling Addiction and Player Protection" ([www.gluecksspielsucht.at](http://www.gluecksspielsucht.at)) as well as joint cooperative projects with regional and non-profit support groups, such as Gamblers Anonymous in Salzburg and Lower Austria, professional institutes such as Gambling Addiction Help in Vienna, and a telephone help line set up in cooperation with the Medical University of Vienna and Vienna General Hospital.

NOVOMATIC



# The Strategy

NOVOMATIC AG is a globally operating, integrated gaming group that manufactures innovative gaming equipment, and operates more than 850 gaming facilities and is oriented towards continuous, controlled, sustainable and responsible growth.

The group is determined to continue its strategy consistently in the coming years. In addition to the member states of the European Union, its core markets include not only those of Central, Eastern and Southeast Europe where, thanks to a very early market entry, NOVOMATIC has already established an excellent market position, but also markets with promising growth forecasts in selected regions, specifically in Latin America and in Asia.

## Competitive edge thanks to being both a manufacturer and an operator

A central element of the group's future prospects is its position as an innovative trendsetter in the research and development of state-of-the-art gaming equipment. The competitive edge gained through its dual role as both a producer and an operator, as well as through its seven research & development competence centers interlinked with the group headquarters, was recognized early on, leading to the establishment of the new R&D Center at the group headquarters in Gumpoldskirchen in Lower Austria. As a pioneer of the gaming industry, NOVOMATIC implemented key technology trends of the future, such as server-based gaming and network systems, at a very early stage, and was quick to integrate these into its product range.

Only recently, a very successful third business segment was introduced: cooperative projects in which NOVOMATIC acts as a content provider for Internet and telecommunications providers in regulated markets were established to generate additional growth in economically difficult times.

## Early identification and integration of future key technologies

Besides developing gaming content for iTV platforms, the group will, in future, also increasingly aim at forming strategic partnerships in the area of digital television with partners from the telecommunications or TV sector.

NOVOMATIC places particular emphasis on the development of new business segments, 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.

Adopting a responsible approach to gaming will play a central role. In the area of Responsible Gaming, NOVOMATIC has developed one of Europe's most advanced gaming addiction prevention concepts for slot machine gaming, which is being adapted and implemented to suit the respective local legal frameworks in the individual countries. It includes comprehensive information and cooperation with experts of internationally acknowledged addiction research institutes at the university level, as well as a close-knit expertise network of non-profit support groups.



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# WHITE SHARK



3/4/5 SCATTERS TRIGGER 12/15/20 FREE GAMES.  
Free Games can be won again during the Free Games.



SUBSTITUTES



3 or more scatters on the reels  
16 FREE GAMES.  
Free Games can be won again

During Free Games



pay higher prizes in Free Games



# Gaming Machines

The internal owned NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) is the group's manufacturing figure-head and the world's market leader in the area of interactive live games and multiplayer systems, and has been the undisputed technology leader in the production of ultra-modern and innovative gaming machines. All new developments undergo thorough test runs in the group's own casino operations and electronic casinos prior to market launch, which guarantees that only those developments reach the market that are technically mature and have already proven their attractiveness to guests.

## The Super-V+ Gaminator® and the Slant Top: must-have casino attractions

At the most important gaming exhibition in the world, the International Gaming Expo (IGE) 2009 in London, AGI presented no fewer than 14 new Coolfire™II games in a range of new Super-V+ Gaminator® and Super-V+ Gaminator® ST (Slant Top) cabinets. The new generation of casino machines features a lower 26-inch touchscreen, a 26-inch top screen and a third monitor placed on top with a 16:5 screen format used for the attractive Power Link™ jackpot display.

The definite highlight was a presentation of the new server-based Novo Unity™II platform. Novo Unity™II is an innovative platform enabling flexible operation of all NOVOMATIC multiplayer games in a single system. Operators can thus offer

their guests any number or combination of NOVOMATIC multiplayer games on any number of individual player terminals. It features, for example, the new TX01, a fully automatic multiplayer poker table, Novo TouchBet® Live-Black Jack, Live-Baccarat or Novo Texas Hold'em Poker™.

## Novo Unity™II – a highly versatile tool to coordinate games

The new flexibility feature for coordinating the range of offered games is based on the innovative network structure of Novo Unity™II. The user-friendly game management system provides this flexibility thanks to the server-based operating menu. By enabling the operator to organize the entire multi-player facility in detail, or unlock individual games at certain terminals, it makes it possible for the operator to actively manage the offered games and adapt them to differing requirements.

A whole series of product innovations was presented by AGI's subsidiaries, for example by the group company Astra Games, the leading British manufacturer of gaming equipment, by German subsidiary NSM LÖWEN Entertainment GmbH and by AGI subsidiary Crown Technologies GmbH.





# Research & Development

As an international trendsetter and innovator, NOVOMATIC AG has, for many years, invested in research and development at a level that has consistently been well above the industry average.

The competitive edge gained in the design, development, production and marketing of groundbreaking gaming equipment through the group's eight internationally operating and inter-linked competence centers is to be secured and expanded further in the coming years. This also applies to the currently over 1,000 intellectual property rights held such as trademarks, patents and designs.

## Direct interface option to the respective regulatory authorities

Within the international gaming industry, NOVOMATIC has assumed a pioneering role: its entire software as well as its hardware is developed and manufactured by the group's own subsidiaries.

The designers' special know-how lies in technological configuration, game design, game algorithms and customized solutions for market-specific requirements.

Alongside the attractive new games and a new generation of multiplayer systems with card and dice games (Baccarat, Blackjack, Sic Bo, Poker, etc.), the key issue of networking is gaining significance. Not least, this also includes networked

video lottery and video network terminals with the option of direct integration with the respective regulatory authority.

The trend of shifting towards server-based gaming is thus continuing unabated in the industry. By using central servers, it is increasingly becoming possible to optimize the product mix in real time; for example, to adjust games to suit the demands of individual players.

The networking feature is intended primarily for player security and for protection against manipulation. It additionally improves transparency in relation to supervisory and tax authorities.

## New technological trends in remote gaming with NRGs

NOVOMATIC subsidiary Austrian Gaming Industries GmbH is also working hard on the development of new remote gaming technologies in order to further develop its new third business segment as content provider for licensed third-party providers on the Internet.

In charge of this project is British subsidiary Astra Games Ltd., which has formed some promising initial partnerships based on its own remote gaming platform called Novo Remote Gaming System (NRGS) and provides its own game content as well as games from Austrian Gaming Industries GmbH for NRGs.



# Production

NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) is the entire group's manufacturing figurehead and has a tradition of placing great emphasis on superior workmanship.

In addition to maintaining sophisticated research & development activities in eight interlinked competence centers across Europe, the group upholds this standard right from the start thanks to highly qualified employees and a maximum degree of vertical integration in all subsequent stages of production.

Products bearing the NOVOMATIC brand distinguish themselves by a level of vertical integration of more than 90 percent, which is far above the industry average. This means that almost all of the NOVOMATIC gaming equipment components are manufactured within the group, and that they are consequently subject to continuous and extremely stringent quality control procedures.

## Supplier dependencies minimized by a high degree of vertical integration

Among other benefits, the high degree of vertical integration guarantees NOVOMATIC customers maximum flexibility. Even for the production of small batches, it becomes possible to address customer-specific requirements, needs or changing conditions precisely, and to respond to them promptly. Additionally, the production strategy reduces supplier dependencies to a minimum.

The innovative edge was secured in fiscal 2009 by the opening of a new plant for research & development. Production that used to be spread among several plants is now concentrated in a two-story central building that has a length of 350 meters and fulfils state-of-the-art standards.

The construction project, with a total investment volume of EUR 90 million, was started in March 2008 and put into full operation together with the administration building in 2009. For AGI, this investment represents a milestone in the company's history. All production processes are now based on the latest technological standards.

## Modern production sites to secure long-term technology edge

A series of other production sites belonging to the group were also expanded in 2009. The extended production facilities of the wiring harness factory of AGI subsidiary AGI Hungaria Kft near Sopron, for example, were put into operation in the year under report.

Construction was also completed in Rellingen in Germany, where a new building complex brings together development, production and administration activities of German AGI subsidiary Crown Technologies GmbH. All production sites live up to the group's slogan, "NOVOMATIC leads, others follow."

NOVOMATIC  
GROUP OF COMPANIES



IClub



# Sales

Global distribution of the entire product range is integral to NOVOMATIC's success. The group's own sales system is based on three tried and proven pillars: the direct activities of the NOVOMATIC manufacturing companies, the direct sales from Gumpoldskirchen and international group locations, as well as regional distribution partners that are selected with utmost care.

Also where sales are concerned, NOVOMATIC has uncompromising standards: it upholds the principle of selling its products exclusively in regulated markets with a very clear legal and regulatory environment.

Sales activities within the NOVOMATIC Group cover the sale of all of the group's products and services, which are exported to 62 countries worldwide. In 2009, despite the extremely difficult global market environment, Austrian Gaming Industries GmbH (AGI) once again managed to intensify its sales, not least by stepping up its presence at international trade shows.

## Sales activities in Spanish-speaking markets expanded further

Besides its participation in the "International Gaming Exhibition 09" (IGE) in London, which has become firmly established as the group's most important professional trade show of the year, AGI set some new and important international trends, in Asia among other places, but, most specifically, in Latin America. Our participation in several trade shows in Latin America is fully in line with our intention to intensively

develop long-term sales activities in these growing markets where NOVOMATIC still sees great development potential in the coming years.

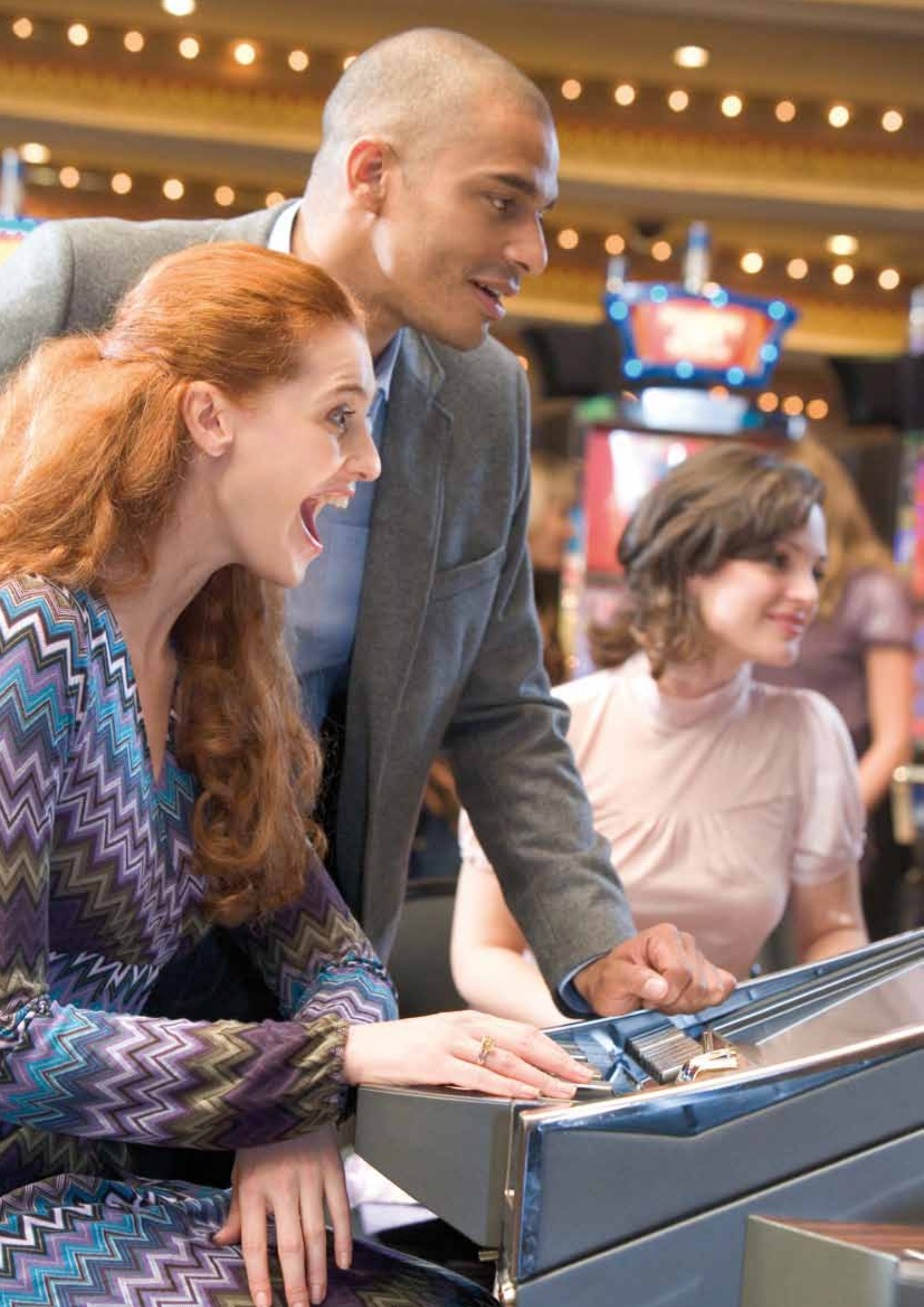
Besides its repeated participation at SAGSE in Argentina, the group was also represented at the FADJA 2009, held during April in Bogotá, Colombia, and for the first time at ELA 2009 in Mexico.

## Sales force also plays a vital role fighting product piracy

Having successfully worked from its base in Peru for a number of years, and having opened an office in Santiago de Chile to promote sales in the neighboring countries of South America, the establishment of subsidiaries in Paraguay and Argentina by AGI in 2009 marked a further intensification of market development.

International sales activities were complemented by the participation in the trade shows G2E Asia in Macao and G2E 2009 in Las Vegas last November.

Due to its global market knowledge, the sales force also plays an exceedingly important role in the constant fight against product piracy. In the past years, NOVOMATIC has very successfully taken action to protect intellectual property.



# Casino Operations, Electronic Casinos and Sportsbetting

The NOVOMATIC Group currently operates more than 850 electronic casinos, gaming facilities and sportsbetting outlets worldwide. The number of gaming machines operated in the group's own gaming facilities plus rental models increased to more than 140,000 units in 2009. Besides one of the most profitable casino operations in Switzerland (in Mendrisio), further flagships belonging to the NOVOMATIC Group include casino operations that generate the highest trade volume in Germany (in Berlin) and the Czech Republic (in Haté) and also Europe's largest sportsbetting casino, the Casino Admiral Prater in Vienna, as well as Admiral Sportwetten GmbH, Austria's betting company that has by far the largest number of outlets (194) and a market share of more than 50 percent.

In 2009, the NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) once again succeeded in asserting its position as one of the leading operators of electronic casinos and casino operations in the markets in Central, Eastern and Southeast Europe, in spite of the, in some respects, extremely difficult market environment.

## New and tighter legislation opens up excellent market opportunities in Italy

Extra-Games Entertainment GmbH, based in Pfullendorf in the German federal state of Baden-Württemberg, reported pleasing performance and expansion activities. The number of electronic casinos rose from 152 to 183 in 2003, with a large number of existing locations being either modernized or expanded.

A significant step towards further expansion was taken in Italy where Italian AGI subsidiary Adria Gaming International SpA made several acquisitions. In addition, new and more stringent legal regulations put in place for operating gaming equipment have made way for excellent market opportunities. This is why the NOVOMATIC Group is now concentrating on the operation and rental of a new generation of gaming machines produced in its own facilities as well as on a distribution model for centrally networked video lottery terminals (VLTs).

## Involvement in international casino operations marked by tough environment

On the whole, involvement in international casino operations developed satisfactorily in 2009, in spite of to some extent extremely difficult conditions, for example due to the strict ban on smoking imposed by governments in a number of countries. Gaming locations offering live games belonging to the NOVOMATIC Group of Companies include, 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 gaming operations in Germany.



While in certain markets the financial and economic crisis did lead to cuts in the number of gaming operations as well as to facility location optimization, the NOVOMATIC Group succeeded in asserting its position as leading operator of electronic slot machine casinos and casino operations in the core markets in Central and Eastern Europe as well as in Southeast Europe.

Although the group's own more than 12 gaming operations in Latvia suffered from the economic downswing, cost saving potential was soon identified, and corresponding steps were taken in time to improve the results. The withdrawal of other competitors led to a strengthened market position relative to the overall market. In Hungary, 13 electronic casinos are being operated.

In Russia and the Ukraine, the legal ban on gambling that took effect on June 30, 2009 led to the NOVOMATIC Group's withdrawal from these markets.

### Hotel & Casino Resort Admiral in Kozina marks successful market entry in Slovenia

In Croatia, expansion continued throughout 2009 at a speedy pace, increasing the number of electronic casinos to 59. This has helped AGI to strengthen its clear position as market leader in Croatia despite the effects of the economic downturn. The well-established Casino Admiral in Opatija, situated in the historical Vila Madona, offers live games as well as slot machines. In Slovenia, the new Hotel & Casino Resort Admiral

started operations in Kozina in December. It offers slot machines, three fully automatic roulette systems and a modern hotel with 88 rooms including a restaurant and a bar.

Expansion continued in Southeast Europe against a background of to some extent very difficult economic conditions. In Romania, acquisitions led to an increase in the market share. The objective was to further strengthen the group's market position in this key market. In Bosnia and Albania, AGI subsidiaries continued their market activities. AGI is now also represented in Serbia, Montenegro and Macedonia. Bulgaria, where an operator of electronic casinos was taken over in May, became one of the latest gaming markets to be opened up.

### Overall complex of Monticello Grand Casino & Entertainment World goes into operation

After the Monticello Grand Casino & Entertainment World located in San Francisco de Mostazal, south of the Chilean capital of Santiago de Chile, was opened in 2008, a glamorous celebration marked the opening of the overall complex in December 2009. Within the overall casino complex, covering a total of 15,000 square meters, Monticello Grand Casino & Entertainment World offers 1,500 gaming machines and 80 live tables as well as a bingo installation for 300 guests, a five-star hotel, a conference center and a shopping and entertainment mall. Via its local subsidiary and a joint venture with internationally recognized and renowned casino operators (Sun International, IGGR and the private gaming entrepreneur Rudolf Binder), NOVOMATIC AG took a 40-percent stake in





the largest resort casino in Latin America. In the period under report, 13 electronic casinos were operated in Peru. Admiral Sportwetten GmbH, which has been a wholly owned subsidiary of AGI since late 2007, increased the number of its outlets (including partner outlets) during the reporting period from 182 to 194, which further strengthened its position as the leading sportsbetting provider in Austria.

Despite the lack of a large-scale sporting event, betting sales generated by Admiral Sportwetten GmbH in fiscal 2009 exceeded the figures of the previous year (during which the European Soccer Championship in Austria and Switzerland made for soaring sales).

### **Even without large sporting events, Admiral Sportwetten showed outstanding performance**

During the period under report, AGI subsidiary Hotel und Tourismus Management GmbH (HTM) had a total of 81 outlets in Vienna, 31 of which also offer food services. Admiral Sportwetten GmbH is an affiliated company of HTM. At all outlets, gaming machines are operated within the scope of the regionally applicable gaming regulations.

After the introduction of regional legislation on slot machine gaming by the Austrian federal provinces in the year 2006 in Lower Austria, the fiscal year 2009 turned out to be another year of expansion for HTM in Lower Austria, due to the consistently pursued implementation of the Admiral entertainment

concept. The number of outlets increased from 28 to 34. HTM also operates the four-star hotel Admiral am Kurpark in the spa town of Baden near Vienna.

### **The objective was improved market positioning to emerge from the crisis stronger than before**

In 2009, Wett Café Betriebsgesellschaft mbH, a solely owned subsidiary of HTM, had more than 32 outlets in Styria where gaming machines are operated and sportsbetting is offered within the scope of the regional gaming regulations.

In order to counter any negative effects of the financial and economic crisis on gaming as effectively as possible, the corporate group took various measures in a timely fashion, including the provision of an increased range of services, state-of-the-art gaming equipment and, most specifically, the introduction of cost-cutting measures.

All in all, every effort was made to profit from the economic crisis by taking the opportunity to optimize locations and strengthen the group's position in the market. The aim was to emerge from the crisis stronger than before.



# Employees\*

For NOVOMATIC AG, the employees are the basis for sustainable and long-term corporate success. Their creativity, their commitment and their service orientation are central to the sustained growth of the company.

Despite the difficult economic conditions, the group continued to pursue the growth strategy adopted. In the year 2009, there was an average of 10,331 employees in the NOVOMATIC Group (2008: 8,865 and 2007: 6,210). This included the 761 employees working at the group's headquarters in Gumpoldskirchen in Lower Austria (2008: 727).

## Continuous further development and support are central objectives of the group's HR policy

Diversity, individuality and the staff's cross-cultural orientation at all levels of the hierarchy are as much a matter of course as they are central to NOVOMATIC's success. Diverse perspectives and different kinds of knowledge and experiences are essential to innovation and creativity. This approach is also reflected in the group's corporate culture. In Austria, the proportion of women is above average at 38.8 percent. The average age is 36.8 years, and 4.7 percent are university graduates. 22.8 percent of the employees have foreign citizenship, while many more have a migratory background.

In order to secure the group's long-term economic success, it is necessary to support continuous improvement and personal development of the employees, which is done by offering a

wide range of further education and training programs. Flexible working hours give employees the chance to combine work and private interests in the best possible way. NOVOMATIC additionally tries to make it easier for women to return to work after being on maternity leave by providing a future-oriented and family-friendly personnel policy.

## Promoting standardized and high-quality personal development opportunities for trainees

As a globally active group, NOVOMATIC attaches great significance to offering a standardized, high-quality personnel development program for junior staff members in executive functions. The necessary preliminary work, for example a concept for an internationally oriented trainee program, was completed in 2009. The establishment of a group-wide executive development program was accompanied by pilot projects and customized assessment centers for appointment to executive positions.

Finally, the group also succeeded in reorganizing the recruiting process and completing the selection process for an internationally deployable human resources software tool, which will make both the recruiting process and basic and advanced training even more professional than it was before.

\*) For more details and charts on the subject of employees, please refer to the sustainability section of this annual report.

# GAMBLING COMMISSION

## REMOTE OPERATING LICENCE

Number: 007-00360-16-10320-002

Issued under Part 9 of the Gambling Act 2005 on  
15 January 2008

15 January 2008

This licence is issued to

**Australian Gambling Industries**  
trading as A G I  
of  
Walter Street 156  
Chungatshulmum  
2302

I authorise the Licensee to carry out the following

supply, install, repair, maintain or repair a gaming  
machine as part of a gaming machine.

Director of the Gambling Commission

  
Director of Regulation

# Regulatory Framework

NOVOMATIC AG always accords the utmost priority to the principle of offering products and operating gaming facilities exclusively in regulated markets that have a clearly defined legal and regulatory operating environment. The highest possible degree of legal security is therefore a central, fundamental principle of the business transactions engaged in by the entire group.

Even in economically difficult times, the global gaming industry is still an exceedingly dynamic sector of the modern entertainment and leisure industry. NOVOMATIC is therefore an advocate of social responsibility and strict legal regulations at both the national and international levels.

In the single European market, gaming is still the only market segment that is not governed by community law within the member states. Accompanied by various findings of the European Court of Justice over the past years, NOVOMATIC is therefore demanding and advocating the rapid harmonization of European gaming law by means of a special European Community directive.

The aim must be carefully defined regulations for border-crossing gaming that provides for concessions for providers that are obtained in transparent award procedures, the implementation of the highest possible security standards along with regulations for player and consumer protection.

The national legal systems should then be adapted to the new conditions as quickly as possible in order to do justice to the technological developments of recent years.

Such regulations are needed to prevent billions in betting revenues from flowing out of the EU each year, especially via the Internet.

## Coherent regulation leads to extra tax revenues in the EU

NOVOMATIC expects the reform process in the European Community to take another few years and regards targeted, EU-wide regulation as an opportunity for further expansion: today, the group already complies with all of the high standards that will be required of a future regulated concessionaire. NOVOMATIC is convinced that coherent regulation – combined with the necessary informational campaign on the creditworthiness and reliability of providers and services – will lead to increased tax revenues in the EU member states.

A positive development was reported in Austria where, following years of preparation, the government finally passed a gaming amendment in April 2010 in its Council of Ministers, containing crucial points that NOVOMATIC has been demanding for many years. Among others, they include more protection for gamers, legal security relating to slot machines and effective legal measures against illegal gaming.



# Sustainability Report

# Foreword from the CEO

*In the last reporting year (2008), we dedicated an extensive chapter of our Annual Report to the subject of Sustainability for the very first time. For NOVOMATIC, 2008 was economically an outstandingly successful year. In the year 2009 we managed to sustain the momentum of this success, despite much more difficult conditions. It was no less of a challenge to sustain the momentum of our first Sustainability Report, in which we promised our stakeholders that we would integrate corporate social responsibility in our company even more firmly, and make NOVOMATIC even more sustainable across all areas.*

*So, in this reporting year, we put all our effort into pressing ahead with substantial projects and initiatives. But the task of integrating sustainability into a company is a long-term process that takes time and patience. This year's report is therefore meant as an interim report, in which we would like to present initial successes and provide an outlook on upcoming initiatives.*

*Our commitment is based on our Corporate Social Responsibility concept, which you will find outlined in this report. We look back on a range of events in the past year at which we sought dialogue with our stakeholders. Where Responsible Gaming is concerned, we will focus on a number of important initiatives we have undertaken for the sake of player protection and addiction prevention. In the areas Human Resources, Environment and Compliance we are also making progress and are able to point to some promising initiatives.*



*We are particularly proud of our partnerships with cultural and social initiatives, several of which we would like to present to you in the "Social Responsibility" section.*

*We firmly believe that an economically difficult environment must not be an excuse for putting CSR activities on hold. On the contrary, particularly in times of crisis, we embrace the concept of integrating our social commitment and our entrepreneurial responsibility into our day-to-day activities.*

Dr. Franz Wohlfahrt, CEO, NOVOMATIC AG



# Our Cooperation with museum gugging

*Our cooperation with museum gugging is characterized by a partnership of give and take. Since 2009, NOVOMATIC has been supporting museum gugging where works of art which were created in the House of Artists are on permanent public display.*

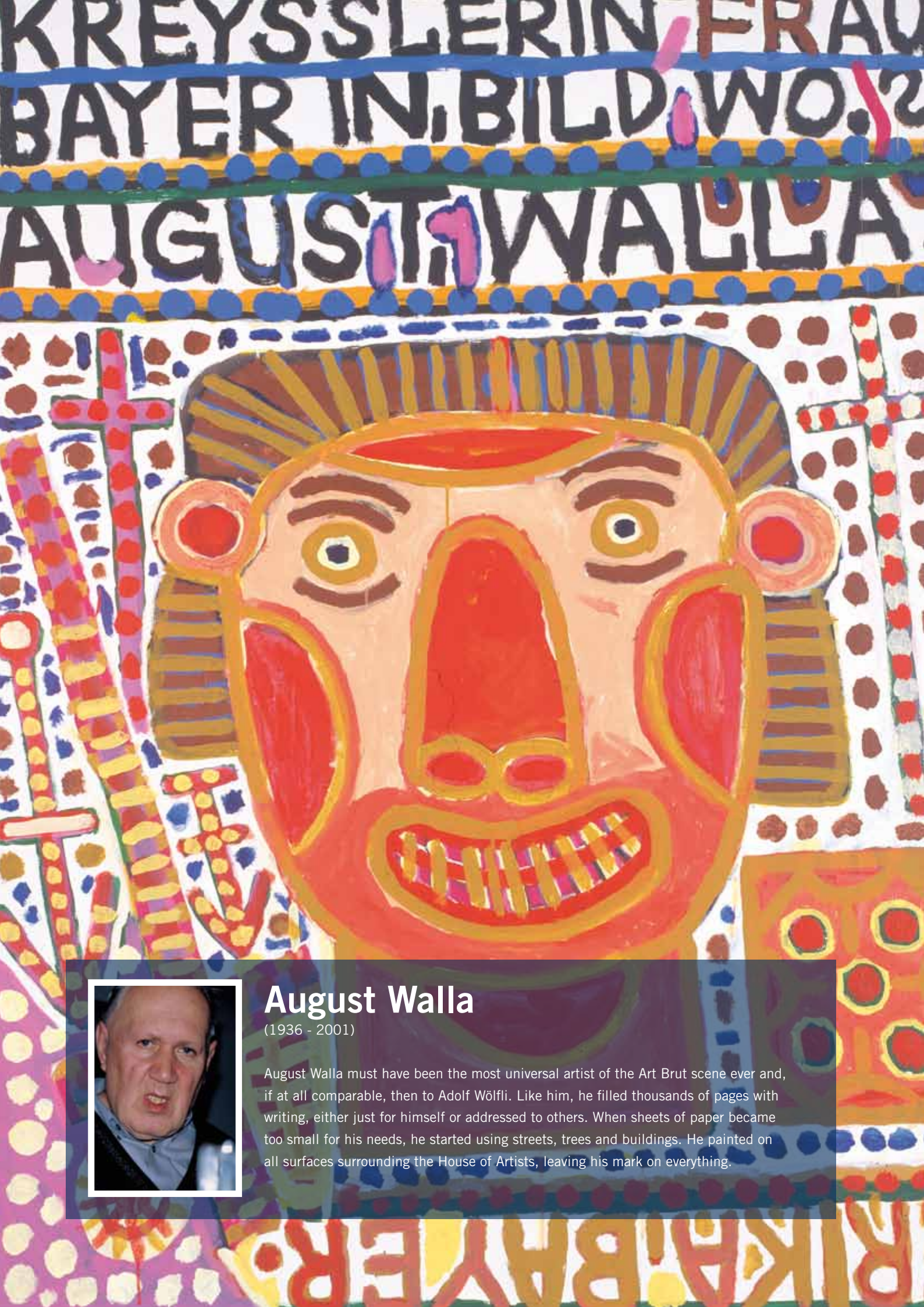
*The artists, who have lived there since 1981 and are known as the Gugging Artists, have gained a worldwide reputation for the high quality of their drawings, paintings, writings and objects. To take care of the residents' needs, the House of Artists is run as a social welfare institution. Creating an environment like this is particularly helpful in nurturing the Gugging Artists' creativity. The artists are empowered to unleash their talents and do well in their profession. With museum gugging being right next door to the House of Artists, the artists experience immediate social recognition.*

*Its emancipatory approach and the high artistic standards maintained by museum gugging are what drove NOVOMATIC to support the museum as its exclusive sponsor. In our last CSR Report, the artists from Gugging thankfully agreed to provide some of their works to illustrate our report and make it visually appealing. We have continued this mutually beneficial cooperation in this report. This year, we are not only proud to present further selected works, but would also like to introduce you to some of the artists.*



*The first year of collaboration between NOVOMATIC AG and museum gugging led to a relationship characterized by mutual respect and liveliness. NOVOMATIC AG's support has made it possible for us to show some very special exhibitions in museum gugging's "NOVOMATIC salon" that matter a lot to us and are now accompanied by catalogs, serving as lasting documentation of the exhibition. The Annual Report is further visible evidence of our fruitful partnership. We at museum gugging are especially pleased that NOVOMATIC AG received the "maecenas", a culture-sponsoring prize awarded by the province of Lower Austria, on account of its commitment. We take great pride in the fact that a leading international company based in Lower Austria has decided to substantially support the universally unique museum gugging with such extraordinary commitment.*

Mag. Nina Katschnig, location management, museum gugging



KREYSSLERIN FRAU  
BAYER IN, BILD, WO. 2  
AUGUST, WALLA  
RIKA! BAYER



## August Walla

(1936 - 2001)

August Walla must have been the most universal artist of the Art Brut scene ever and, if at all comparable, then to Adolf Wölfli. Like him, he filled thousands of pages with writing, either just for himself or addressed to others. When sheets of paper became too small for his needs, he started using streets, trees and buildings. He painted on all surfaces surrounding the House of Artists, leaving his mark on everything.

# We Take Responsibility

As an integrated gaming group, we live up to our standard of facing our challenges with a comprehensive sense of responsibility at all levels of the hierarchy and in all business areas. In order to communicate this responsibility in clear words, both within the group and to the public, we have put together a CSR mission statement that is subject to continuous development.

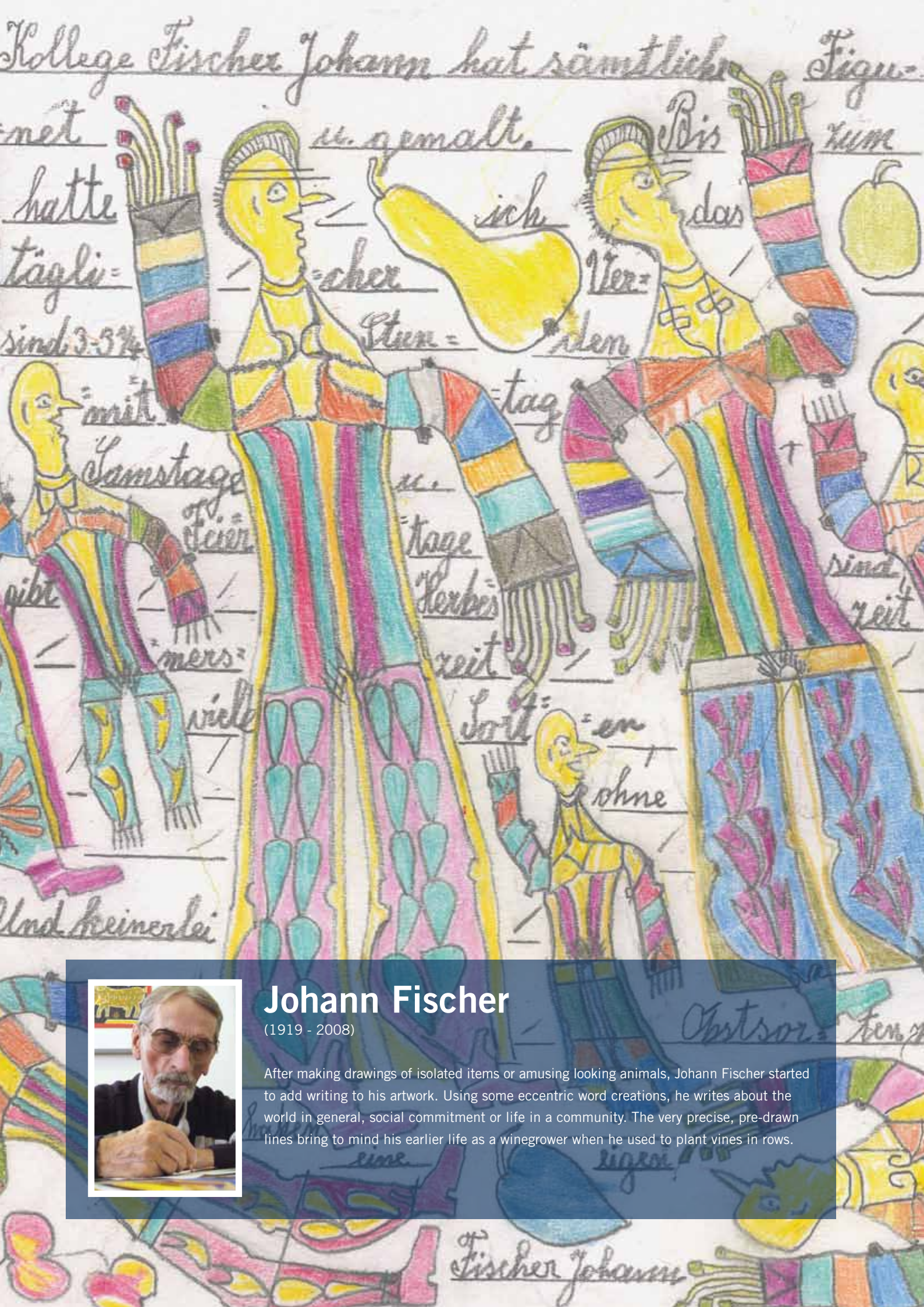
## NOVOMATIC CSR mission statement

- Owners and members of the group management are firmly committed to taking on social responsibility, and we constantly encourage this sense of responsibility in all our employees at all levels of the hierarchy.
- We are firmly convinced that providing such sensitive services as games of chance is inseparably linked to having the highest possible sense of responsibility possible. To do justice to this high standard, we are constantly working on the further development of our Responsible Gaming program.
- Being an innovative group, we are aware that our employees are the most valuable capital we have, and we therefore invest accordingly in further training and qualification measures.
- As an innovator and technology leader in our line of business, it is our express goal to make our production processes environmentally friendly and resource efficient, and to manufacture high-quality products with a long service life.
- We are committed to gaming within clear legal and regulatory conditions. We engage in activities exclusively in regulated markets, and within the group we ensure that compliance regulations are duly observed.

- As an owner-managed company, we are proud of our deep-reaching commitment to our business locations. We see ourselves as a part of society and, as such, it is our moral duty to contribute towards a functioning community and demonstrate good corporate citizenship.
- We regard it as our duty to return a portion of our success to society, thus contributing to a culture of solidarity. We therefore support social initiatives and charitable institutions, promote art and culture, and have, by establishing the Novomatic Forum, created a center of art and culture that is open to everyone. Team spirit and fairness are the main principles of our involvement in sports promotion.
- NOVOMATIC is embedded in a social environment and will fail to be economically successful if it is detached therefrom. We therefore seek open dialogue with our stakeholders and strive to make our actions transparent, both within the company and to the public.

By publishing a Corporate Social Responsibility report on a regular basis, we would like to do justice to this claim of transparency, as well as to address controversial subjects.

A particular incentive to continue publishing our report was the respectable CSR ranking which NOVOMATIC was given by the Center for Corporate Citizenship (CCC) in December 2009. As for the overall ranking, NOVOMATIC was listed 27th. Presenting our commitment in a special Corporate Social Responsibility report certainly contributed significantly towards this ranking.



Kollege Fischer Johann hat sämtliche Figuren

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Fischer Johann



## Johann Fischer

(1919 - 2008)

After making drawings of isolated items or amusing looking animals, Johann Fischer started to add writing to his artwork. Using some eccentric word creations, he writes about the world in general, social commitment or life in a community. The very precise, pre-drawn lines bring to mind his earlier life as a winegrower when he used to plant vines in rows.

# We Seek Dialogue

Our company comes into contact with a variety of stakeholders throughout all stages of its value creation chain. Stakeholders are people, organizations and social groups with whom we come into contact and who are directly or indirectly affected by our activities. These are the ones for whom we want to be a reliable partner.

Whenever we are approached with a concern, we would like to seek dialogue to reach a consensus. In order to do justice to this claim of transparency and the desire to reach a consensus, we seek dialogue very actively. This is the only way we can respond to and live up to what society expects of us.

We have therefore identified a whole series of stakeholder groups that have justified expectations of us and are crucial to our success. Our Map of Stakeholders (see page 46) indicates the diverse network of relationships in which our company is embedded.

In 2009, we once again took part in a range of events and engaged in a dialogue with our stakeholders:

## 1<sup>st</sup> Quarter

At the conference organized by the Institute for International Research (IIR) on the subject of “Gaming and Betting Market in Austria,” our CSR representative held a talk on the responsibilities of the industry in the area of gambling addiction.

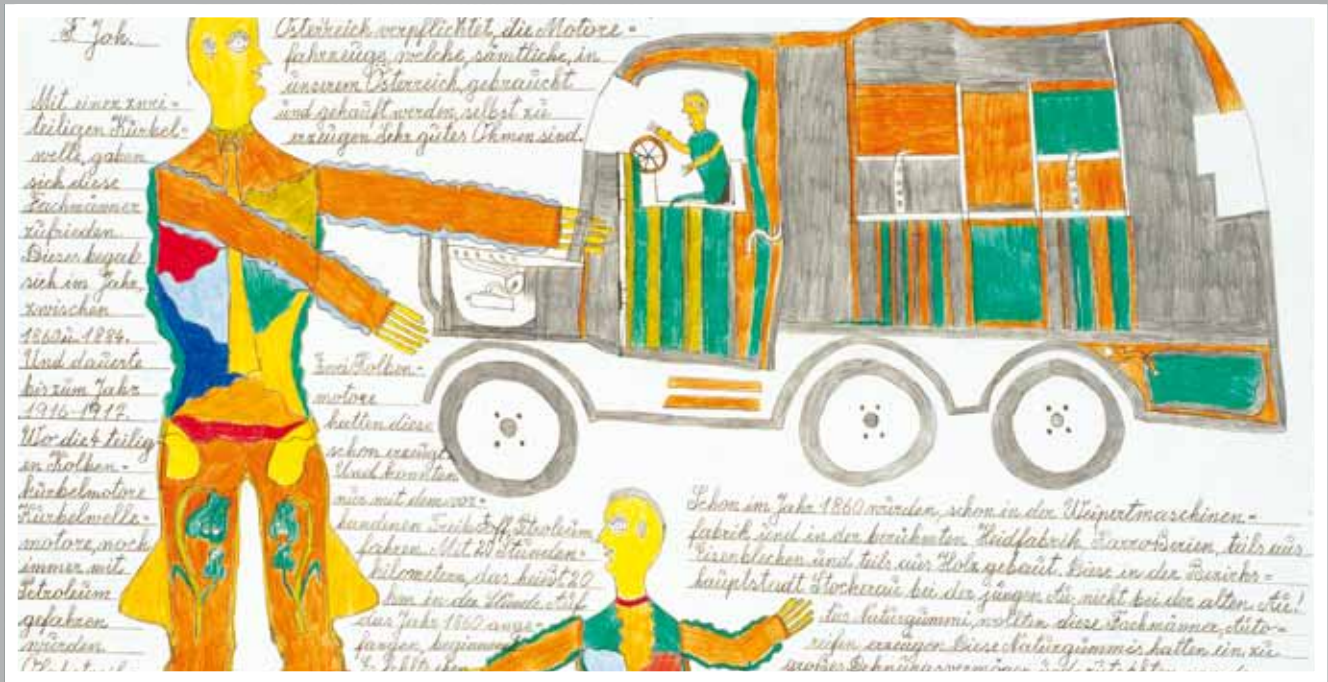
At the 9th International Business Information Technology conference, NOVOMATIC was not only present as one of the main sponsors, but CEO Dr. Wohlfahrt also participated in a panel discussion entitled “Science and Business in a Globalized World: Is Business Information Technology Failing?” The group’s CSR representative held a talk on the subject “Customer Responsibility in the Gaming Industry.”

In the context of the conference on gambling addiction, organized by Vienna General Hospital’s addiction therapy department, held at the Clinic for Psychosomatic and Psychotherapy in Bad Aussee, our CSR representative presented preventive measures from the industry’s point of view.

## 2<sup>nd</sup> Quarter

The European Gambling Briefing in Budapest is one of the most famous forums on the subject of gaming in Europe. As a renowned legal expert in the area of gaming, CEO Dr. Wohlfahrt took part in a panel discussion and gave his opinion on the future of the gaming industry, given the current economic crisis.

Being an exclusive partner of the 7th Exports Day of the Austrian Foreign Trade promotion organization, we enabled an exchange of ideas between business representatives and trade commissioners from 59 countries.



Johann Fischer, Motor vehicles, 1991  
© Private Foundation – Gugging Artists

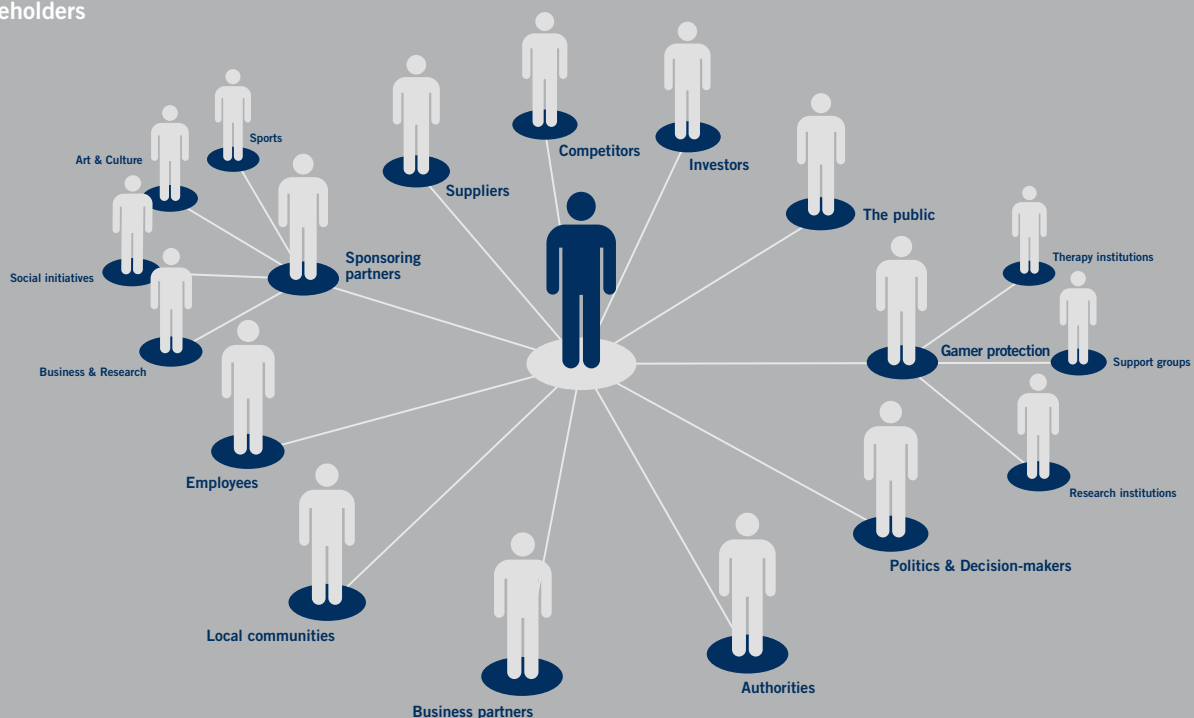
### 3rd Quarter

NOVOMATIC was present at the CEE Economic Forum in Velden for the second time in September 2009. After delivering a brief overview of the Austrian and international gaming market and its various segments, CEO Dr. Wohlfahrt gave a talk on developing gaming markets in the CEE countries and used the example of several markets to outline the group's different market entry strategies. At an experts' talk on the

subject of Human Resources, NOVOMATIC contributed by presenting examples of international careers at NOVOMATIC.

In the context of the "International Masters of Gaming Law (IMGL)" conference in Amsterdam, our CSR representative gave a talk on Responsible Gaming technologies.

### Our stakeholders





Johann Fischer, *The young men*, 1986  
© Private Foundation – Gugging Artists

## 4<sup>th</sup> Quarter

In October we played host to the member meeting of the Young Industry Federation of Lower Austria, and besides offering a tour of the factory, CEO Dr. Wohlfahrt gave interested visitors a background talk on the subject of “Recipes of success in economically difficult times.”

As part of the career exhibition at the Job Planning Center, CEO Dr. Wohlfahrt took part in a CEO Talk and gave his opinion on subjects like career planning and work-life balance, shedding light on the aspect of luck.

The 6th Vienna Economic Forum held in November 2009 focused on the subject of “20-Year Anniversary of the Fall of the Iron Curtain.” We contributed by giving a lecture on the subject “Crisis Time in CEE” and used the platform to share opinions with decision-makers in politics and business.

## Membership news

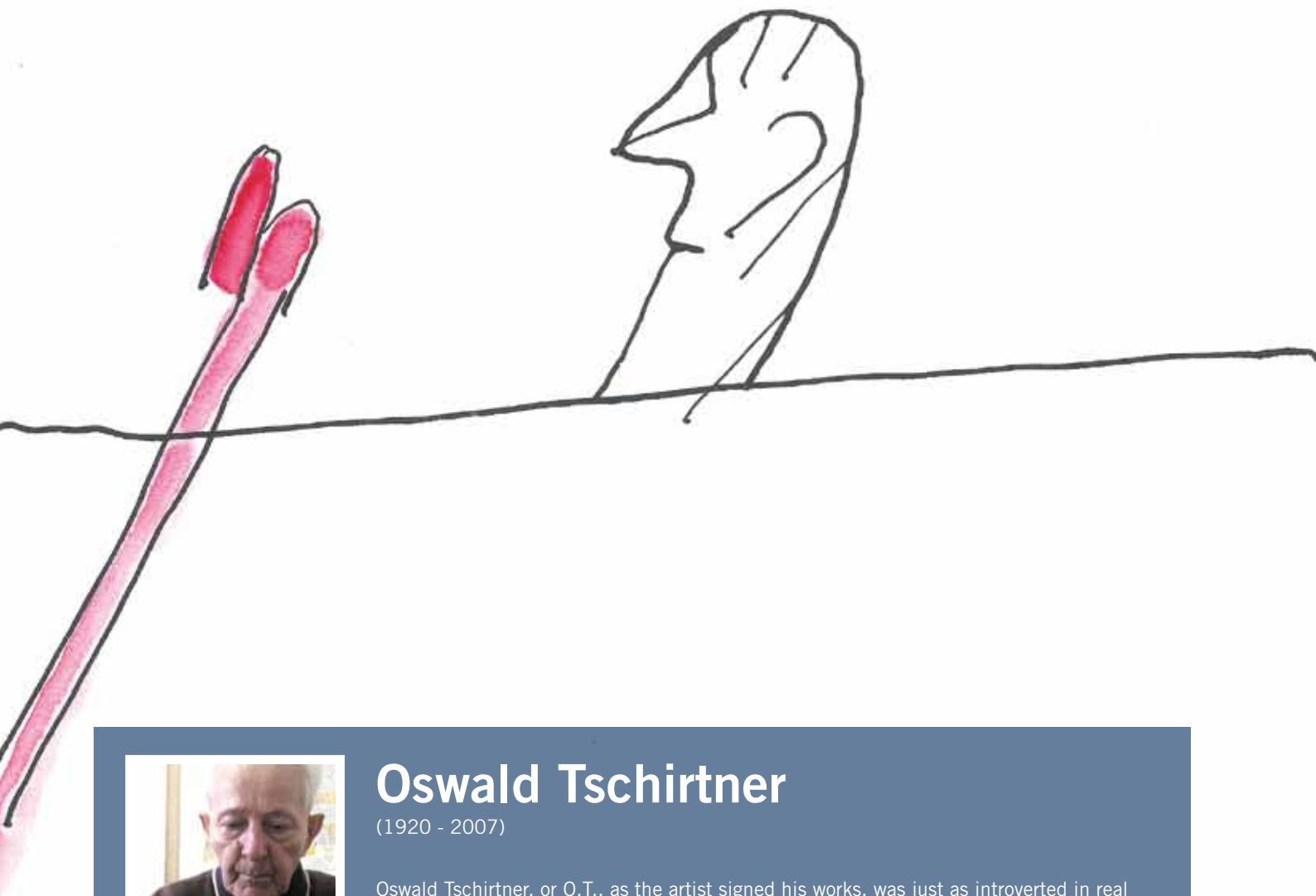
As a founding member of the association “Wirtschaft für Integration” (VWfI, business for integration), it is our express aim to participate actively in the discourse on this future-oriented issue. For more details on our activities in the context of the VWfI, please refer to the section “Social Responsibility.” Two years ago, we joined respACT austria, a platform for companies with responsibility. Through our membership, we seek to promote the exchange of professional information among CSR experts, and to help increase the acceptance of the CSR concept.

We have made it our aim to continually intensify the dialogue with our stakeholders. Apart from our existing contacts and the already intensive exchange we entertain with several groups, we will assess how we can further improve the dialogue with our stakeholders in an institutionalized setting on a regular basis. It is our goal to learn from this dialogue and further our development in a continuous exchange with our stakeholders.

## IMGL Executive of the Year

The absolute highlight of the year 2009 was the awarding of the title “IMGL Executive of the Year” to CEO Dr. Wohlfahrt by the International Masters of Gaming Law (IMGL), an international association of gaming law experts. This award goes to executives in the gaming industry for their outstanding corporate achievements and for their professional engagement within the gaming industry. CEO Dr. Wohlfahrt was honored particularly for having contributed to the development of strict legal framework conditions, capable of combining regulatory legislation with economic rationale.





## Oswald Tschirtner

(1920 - 2007)

Oswald Tschirtner, or O.T., as the artist signed his works, was just as introverted in real life as he appears in his artistic works. The people portrayed on his pictures are devoid of any adornment. They have neither clothes nor visible gender. When Tschirtner contemplates other subjects, he is even more reductive in his representation of form. A landscape may be indicated by a single line crossing the sheet of paper; an animal may be represented merely by a dot.

O.T.  
2005



# Responsible Gaming

Social responsibility, successfully lived by, is at all times inseparably linked with the core area of entrepreneurial activities. Gaming is a leisure activity in which people engage to entertain themselves and have fun. It should enable customers to have fun in a pleasant atmosphere. But gaming is also a highly sensitive issue, which – similar to many other forms of behavior – is potentially capable of turning into a problem; sometimes players can even lapse into addiction.

Ever since our corporate group was founded, we have been aware of how sensitive the issue is and have taken a pioneering role in the development and application of player protection and preventive measures. Our efforts have always focused particularly on providing measures for self-help. We consider it our responsibility towards society to help customers who exhibit questionable or problematic gaming behavior by offering them advice and information.

In order to fulfill our responsibility in the best possible manner, we once again took a wide variety of measures in the most diverse areas during 2009, the year under report.

One key priority of our Responsible Gaming activities this year was the education and training of our employees which aimed at conveying the abilities to recognize excessive gaming habits at an early stage and to counter uncontrolled gambling.

Given the key role of our on-site employees, an extensive Austria-wide network of gambling prevention and gambling addiction representatives with a special focus on tasks in the

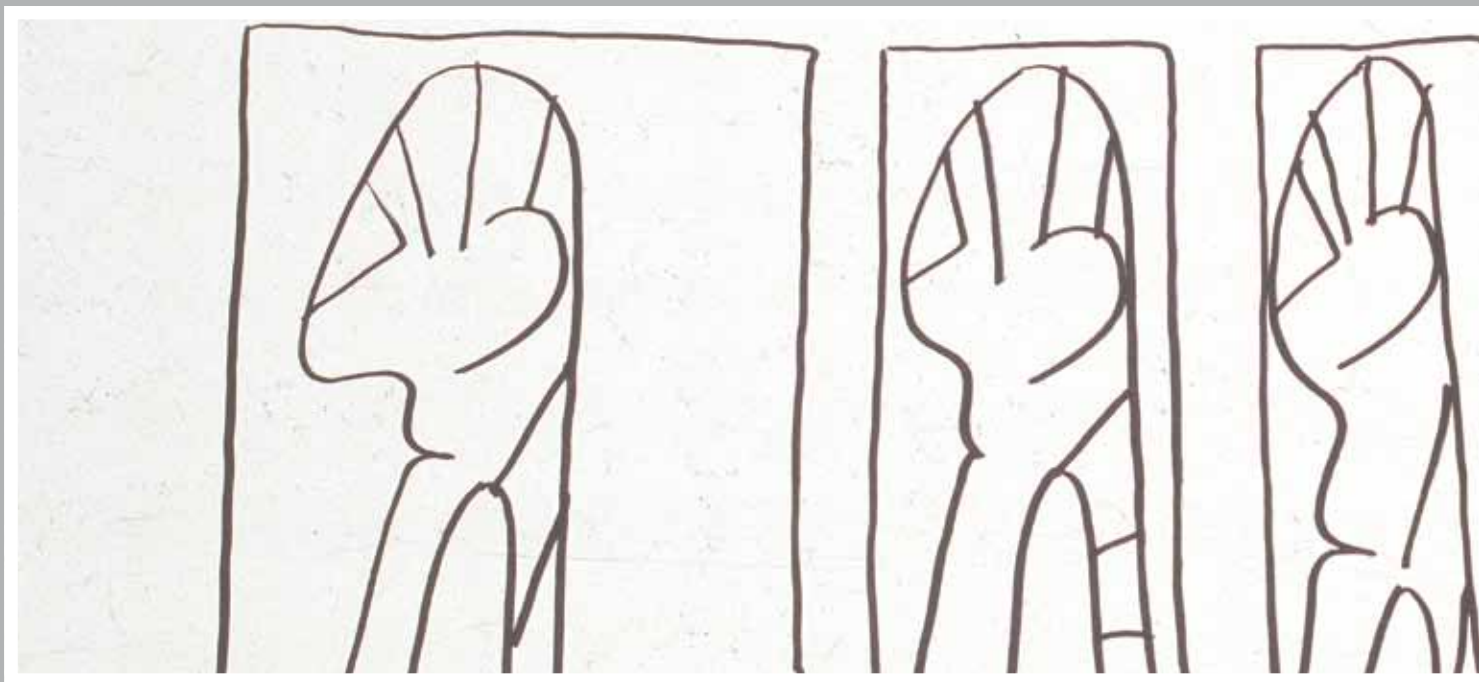
areas of player protection and gaming addiction prevention was deployed for the first time. We consider this to be a very essential step forward, also where the organizational level and the individual spheres of responsibility in our operating facilities are concerned. Addiction Prevention Representatives act as regional contact persons for addiction-related matters and form the interface to the Corporate Social Responsibility unit.



## 1. RESPONSIBLE GAMING SYMPOSIUM

As part of the Responsible Gaming Symposium organized at the Novomatic Forum in November 2009, the newly deployed Prevention Representatives who arrived from all over Austria were offered an extensive program:

Univ. Prof. Dr. Michael Musalek, medical head of the Anton Proksch Institute in Vienna, held an introductory speech on “How to recognize a pathological gambler – on the early detection of gambling addiction”. Among other things, he described a patient’s progression into addiction that could lead from use to problem use, and from abuse to pathological addiction. As the prevailing theory has by now made known, excessive gaming is not monocausally linked to addiction. There are much rather other psychosocial and multifaceted dispositions that are crucial to its development.



In the context of an interactive workshop later on, the gaming addiction representatives identified current problems when dealing with problem gamblers and discussed solution-models.

Dr. Izabela Horodecki, professional head of the Gambling Addiction Help Association Vienna, then gave a talk on the subject “How does the Gambling Help Association help pathological gamblers?” and presented possible ways of intervention, depending on the stage of the patient’s readiness to change and objectives and themes when providing counselling services to family and friends.

Even at an early stage, NOVOMATIC realized that further education and training measures were needed to bring about a change from merely providing supervision to deploying a qualified person who is capable of offering players advice and support. This is also the reason why, in future, training activities in this sector will be steadily continued. Accordingly, the Responsible Gaming Symposium is to be made an annual *jour fixe* as part of the group’s internal training program; furthermore, the new Prevention Representatives will be receiving additional and more detailed training in this area.

*Addiction is a complex condition that is caused by the interaction of a wide range of internally and externally effective physical, psychological and social factors as well as their significance and the disease’s significance itself.*

Head of Department Univ. Prof. Dr. Michael Musalek

**CCCC – Questionnaire**  
(Petry, 1996)

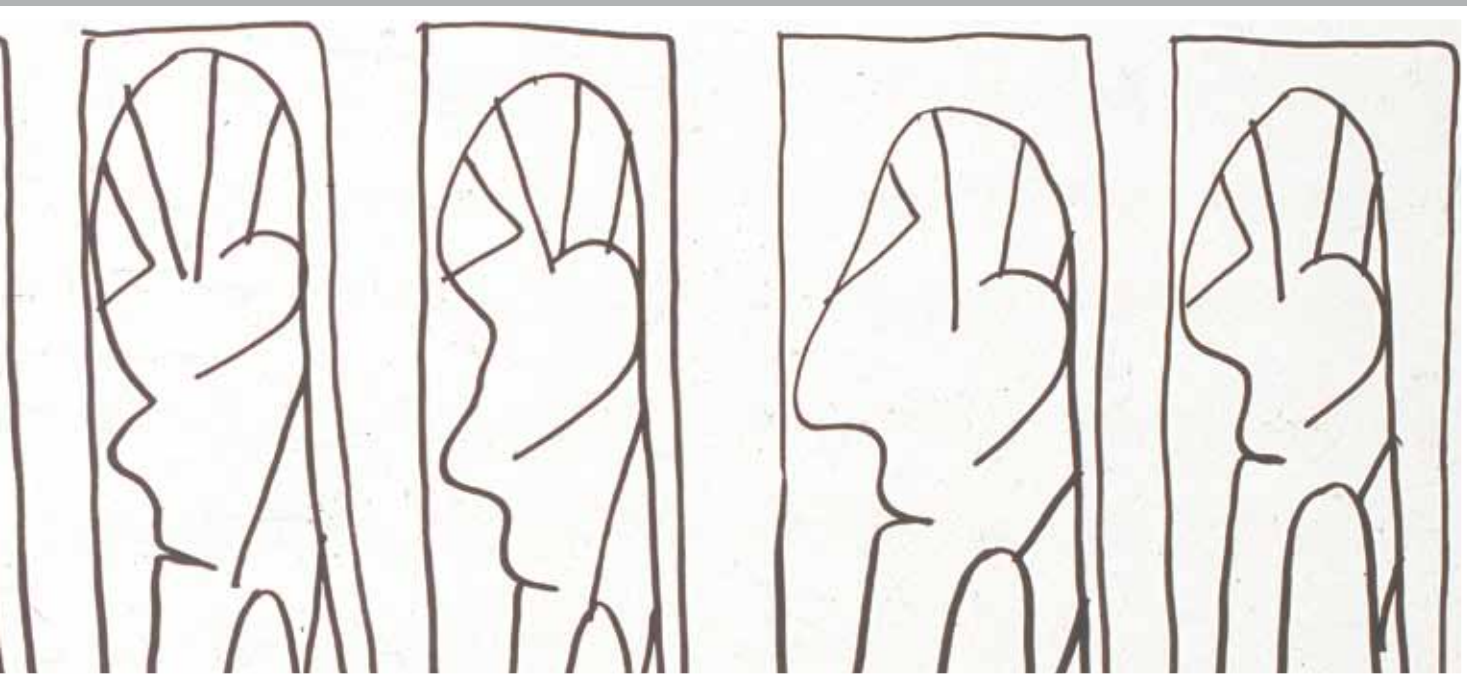
- “I can’t quit gambling before I’ve spent all my money.”  
(Cannot quit, **loss of control**)
- “Losing is a personal defeat, and I want to get even.”  
(Chasing losses)
- “I think about gaming a lot and I feel a craving for it.”  
(Craving, **preoccupied** with gaming, **desperate** to play)
- “To get hold of money I’ve even lied to people and deceived them.”  
(Consequences, **lying** or committing criminal acts)

There is a gambling addiction risk if at least two of the questions were answered with a “YES.”

**The Diagnosis “Pathological Gambling”**  
(according to ICD-10 and DSM-IV)

- Gaming increasingly dominates the patient’s life
- Main purpose of life
- Increasing amounts of money
- Unsuccessful efforts to control, cut back or stop gaming
- Withdrawal symptoms
- Gaming as a way of escaping from problems or of relieving a dysphoric mood
- Chasing losses
- Lies to family members, therapist or others
- Commits illegal acts
- Loss of significant relationship, job or educational or career opportunity or home
- Relies on others to provide money
- Pathological Gambling Diagnosis if at least five questions are answered with a “YES”**

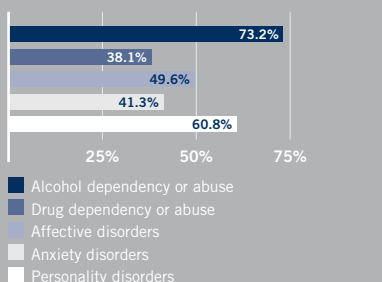
Currently, scientists are considering whether pathological gambling is to be included in the Addictive Disease category DSM-V because it has much in common with substance addiction.



Oswald Tschirtner, *Tschirtner pictures*, 1999  
© Private Foundation – Gugging Artists

### Gambling addiction Comorbidities

Source: Petry et al. Journal of Clin. Psychiatry, 2005



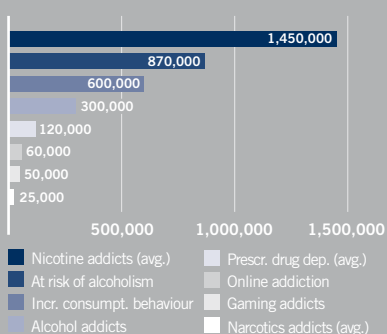
### Prevalence of Gambling Addiction

Surveys on prevalence, i.e. the rate of gambling addiction occurring in a population, show that unlike other addictions, whether related or unrelated to substances, the percentage of gambling addiction is in the lower range.

In a memorandum issued in March 2007, the German Center for Addiction Issues (DHS) mentions the following prevalence rates for pathological gambling addiction in the listed European countries.

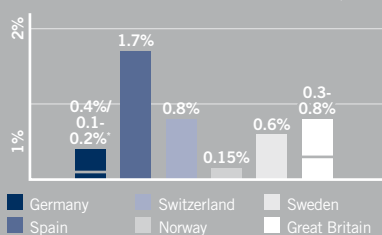
### Addiction in Austria

Source: Anton Proksch Institute



### Prevalence Rates of Pathological Gambling in Europe

Source: German Center for Addiction Issues (DHS e.V.), 2007



\*) depending on method

As to a frequently stated causal link between a heightened rate of gambling addiction and the increased availability of gaming facilities, which on the face of it would appear coherent, it must be stated that a comparative survey published by the renowned British Gambling Commission on the games offered in the years 1999 and 2007 revealed that, despite the increase in gaming facilities, the prevalence rate remained the same. New forms of gaming merely led to a shifting of gaming activities, but not to an overall increase.

Comparing the prevalence figures in different countries is a difficult matter due to the differing regulatory conditions. And there are also some differences in the applied analysis methods and criteria matrices. So far, there have been no epidemiological studies with internationally standardized and validated instruments.



### Legal security and player protection through strict regulatory conditions

It is our firm belief that some of the problems linked to excessive gaming can be prevented by the adoption of an adequate regulatory framework for gaming along with the provision of preventive information and resources directed at the guests, and by installing strict access control systems and establishing uniform player protection standards.

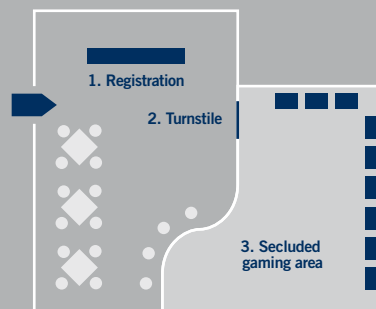
At the time this report was being completed, the amendment to the Austrian gaming law was in the process of being voted on. The final version of the draft law was not yet passed.

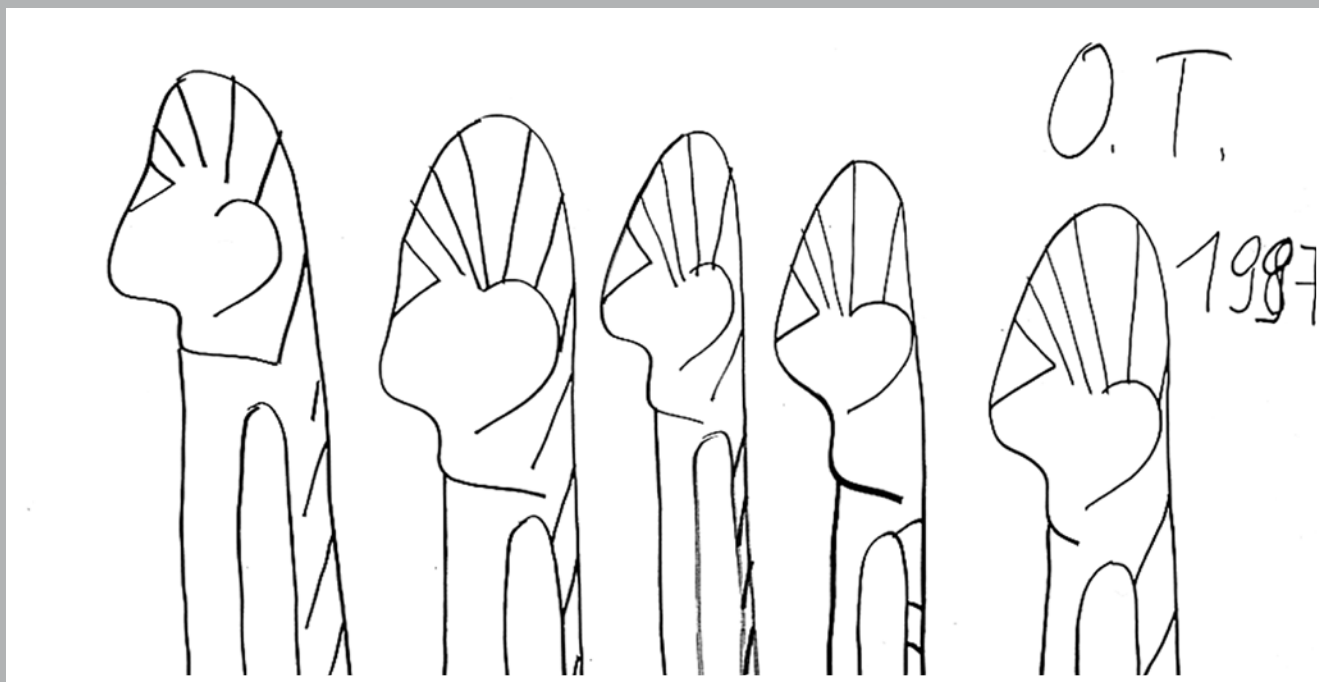
Our position is clear: the highest possible player protection standards, clearly defined access control and transparent rules for all market participants are the essential requirements for well-functioning gamer protection. Legal certainty is crucial to preventing and repressing illegal gaming. This is why we welcome the efforts of political decision-makers to establish a progressive gaming law for Austria that meets all these requirements.

### The NOVOCARD Traffic Light System

The NOVOCARD traffic light system, developed in cooperation with the Medical University of Vienna, was launched in 2008 as a pilot project and underwent thorough analysis in the year under report. This was the first evaluation of a preventive concept for gaming machines with access control,

Diagram: Process of using the NOVOCARD





Oswald Tschirtner, *People*, 1997  
© Private Foundation – Gugging Artists

and is based on a statistical and empirical assessment. The evaluation arrived at the pleasing conclusion that the traffic light system was considered to be highly sensitive and the relapse rate low.

As the concept represents a continuously evolving system, a special intragroup project team was set up to discuss and subsequently implement optimization measures on a regular basis. An external technical system appraisal that was conducted by Gaming Laboratories International certifies that the NOVOCARD system is state-of-the-art and ensures the highest possible data security and reliability.

Over the course of the technical system tests, an additional safety and player protection measure was implemented: from now on, employees of the respective location will no longer be entitled to independently initiate the suspension of an access ban on the request of a customer if the customer previously voluntarily chose to be denied access. If a customer has signed a self-banning contract (a so-called “voluntary self-exclusion”) for a certain period of time, the electronic system will not suspend the ban until the chosen access ban period has expired. In providing the option of voluntary self-exclusion, we exceed the legal requirements in the pursuit of our principle of strengthening our customers’ own sense of responsibility.

If there is the slightest of doubts concerning a customer’s access right, our employees are instructed to check the traffic light status of the card owner in question in order to

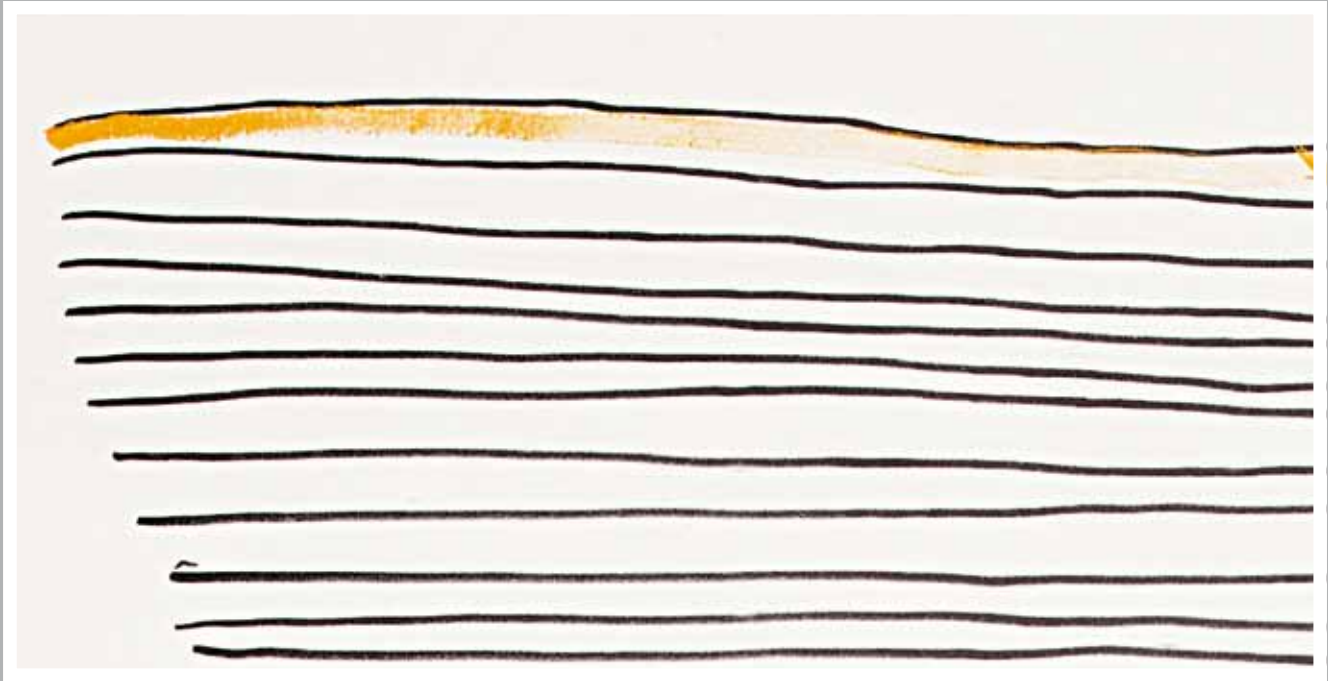
reduce possible system abuse to a minimum. In this regard, mystery-shopping activities carried out by specially assigned external testers at regular intervals form an important quality assurance measure that will be maintained in the future.

## Responsible Gaming International

Not only at home, but in a number of foreign markets in which we engage in business activities, we also do pioneering work in the area of Responsible Gaming and have been proactive in implementing extensive player protection measures during the year under report.

In Croatia and Serbia, for example, we cooperate with renowned experts in addiction diseases, have set up free-of-charge helplines that are answered by professional experts, and make a significant contribution towards awareness-raising and information on the subject of pathological gambling: we provide a wide range of information resources on the subject and display them in all of our casinos, where they are available free of charge. Apart from that, we support charitable institutions such as “KLOK” (which means: “Club of Gambling Addicts” – a kind of self-help group), which offer the persons concerned, their families and friends low-threshold access to information.

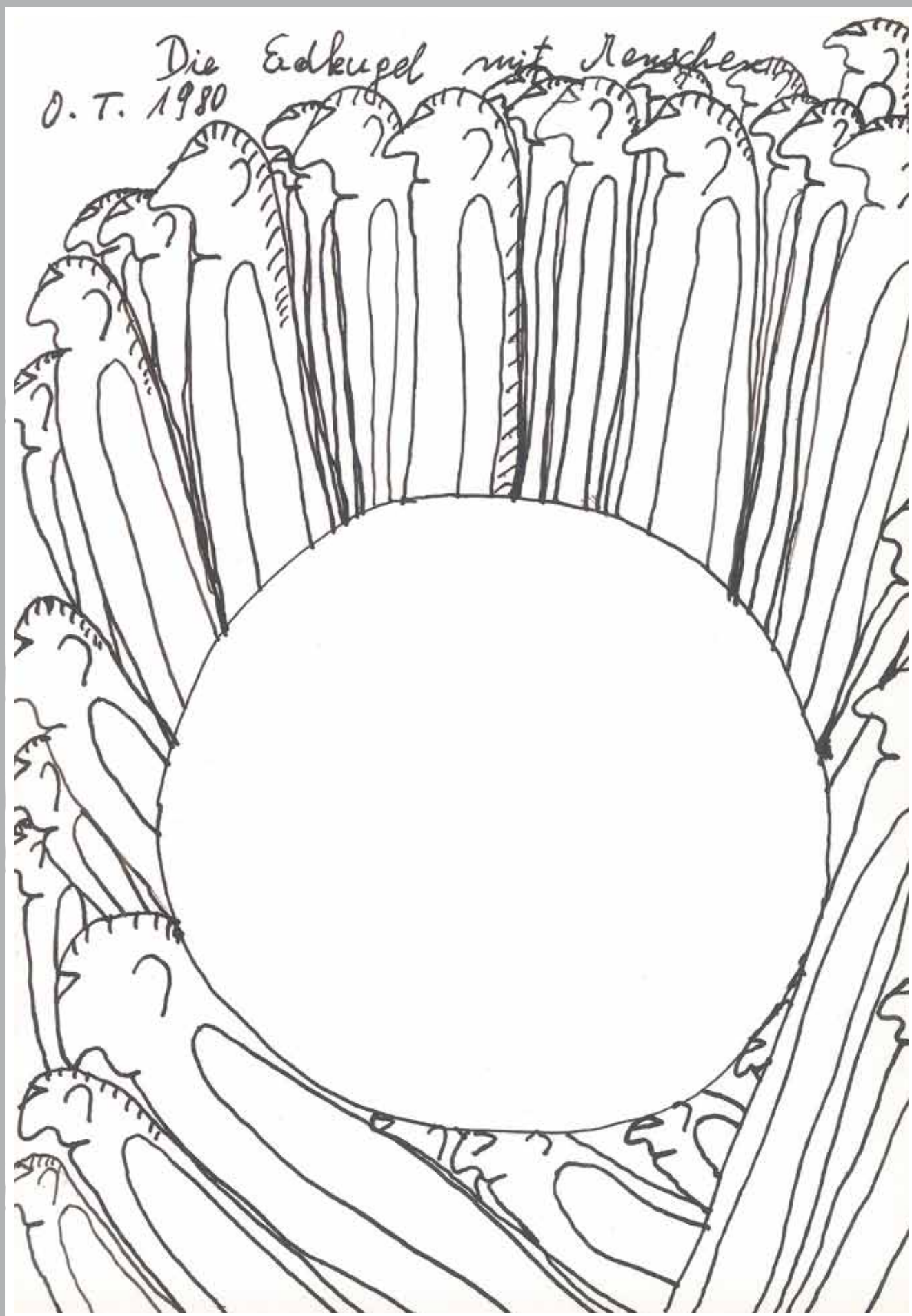
As part of these measures’ implementation, the on-site employees were thoroughly briefed and instructed on the issue.

Oswald Tschirtner *Peace*, 2001  
© Private Foundation – Gugging Artists

For the medium term, it is our aim to further develop our country-specific Responsible Gaming programs, to continuously expand the gaming addiction competence network and to consistently evaluate and improve the NOVOCARD access control system.

*As a student counselor, I am responsible for the psychological well-being of around 640 students. Since it emerged that there were several cases of gambling addiction (combined with Internet addiction), I have been doing some research on counseling and risks and I stumbled upon the NOVOMATIC pages. These turned out to be very, very helpful. I used some of the material not only to inform my colleagues, but also for initial counseling sessions. I would like to say a big 'thank you' to the team for providing this information.*

Student counselor at a Vienna grammar school





## Arnold Schmidt

(1959)

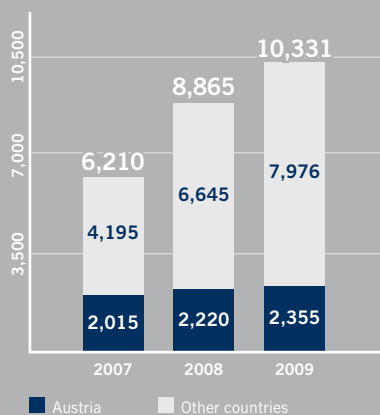
One can tell from his works that Arnold Schmidt is bursting with energy: fast, with breezy lines and a certain impatience. People, planes and motorbikes in all shapes and sizes are the topics of his paintings. The biplanes of begone times and the bold figures featured on the canvas in bright and radiant colors leave a striking impression.

Arnold Schmidt 2008



# Our Employees

Average number of employees



NOVOMATIC's most valuable resource is its employees. Their identification with the company is crucial to the company's long-term success. Encouraging an open dialogue with and among all employees produces a corporate culture in which problems are addressed and solved swiftly. The Code of Conduct, which was revised in 2008, documents our basic commitment towards treating one another in a respectful, correct and straightforward manner, both within the company and to the public.

We consider it an essential part of our responsibility to help improve our staff's motivation and ensure their long-term employability. Even if our group has grown very large on the outside, on the inside we uphold the typical values of a family.

## Employment development

Despite a difficult economic environment, the investment in our employees is also shown by the employment development figures from 2007 to 2009. As an owner-managed company, we regard this long-term approach as being the right strategy.

On average, NOVOMATIC AG employed 10,331 (2008: 8,865) employees in 2009, of which 2,355 were employed in Austria (2008: 2,220).



## Recruiting and Personnel Marketing

We take great care when selecting personnel, and we attach particular importance to attracting capable employees to our company for long-term employment. For the first time ever, in 2009, we offered our executives a recruiting skills training course to integrate the specialist departments optimally into the entire recruiting process and to prevent expensive wrong choices from being made. Further courses are planned for 2010.

In order to continue recruiting highly qualified personnel in the years to come, we have expanded our headhunting activities at the training facilities that appeal to us best, and have taken part in the strategically important job and career fairs. These steps are intended to promote our image as an attractive employer to prospective employees at an early stage.

The orientation event which we set up in 2008 for new employees was held twice in 2009. The event gives our new employees a network platform and, at the same time, it makes the orientation phase much easier.

In 2009, we designed an internal trainee program that was launched on March 1, 2010 and will last 12 months. The objective is to create a pool of qualified recruits that have broad business and professional expertise. In the context of this program, the trainees crisscross their way through different departments in the group headquarters in Gumpoldskirchen and gain international experience at the group's subsidiaries,

where they become thoroughly acquainted with production and the business's operating segment.

Making our recruiting management system even more professional is a key focus for 2010. With the help of a suitable software tool, we will continue to speed up the whole process substantially and make it more transparent. Implementation is planned for late 2010 and will then be transferred step-by-step to the entire group as a common platform.

In order to promote internal communication within the NOVOMATIC Group, we are planning to introduce group-wide Intranet. The official project start is scheduled for May 2010, and the necessary preliminary work was commenced in 2009 and completed in early 2010. The main objective is to establish a central information platform available across all locations.

## Training and Advanced Training/Personnel Development

At present, there are three apprentices employed at NOVOMATIC. The majority of professions in the group require higher qualification, which is why trades that require apprenticeships are underrepresented. We are planning to evaluate our vocational training activities in 2010. In the context of the qualification network "Fit for Business Extended," we will also train our apprentices in social skills alongside their vocational training.



We actively encourage our employees' high qualification levels and their higher-than-average quality awareness by offering continuous training and advanced training programs. We provide both individual and group-specific programs and regard advanced training as being a targeted investment in the future of our company. To this end, we annually assess our employees' advanced training requirements to ensure that the appropriate kind of advanced training is provided.

Our employees' advanced training is essentially based on the three following pillars:

- The qualification network "Fit for Business Extended"
- Our internal training program
- Participation in external training measures

The main focus of our internal training program in 2009 at the Gumpoldskirchen site was the continuation of the extensive foreign language initiative. 63 employees took part in a targeted English program. Courses in Spanish, Italian and Russian are being added. We additionally offer employees with a migratory background courses in German as a foreign language. Other key topics include developing relevant IT expertise and professional workplace-specific skills and expertise.

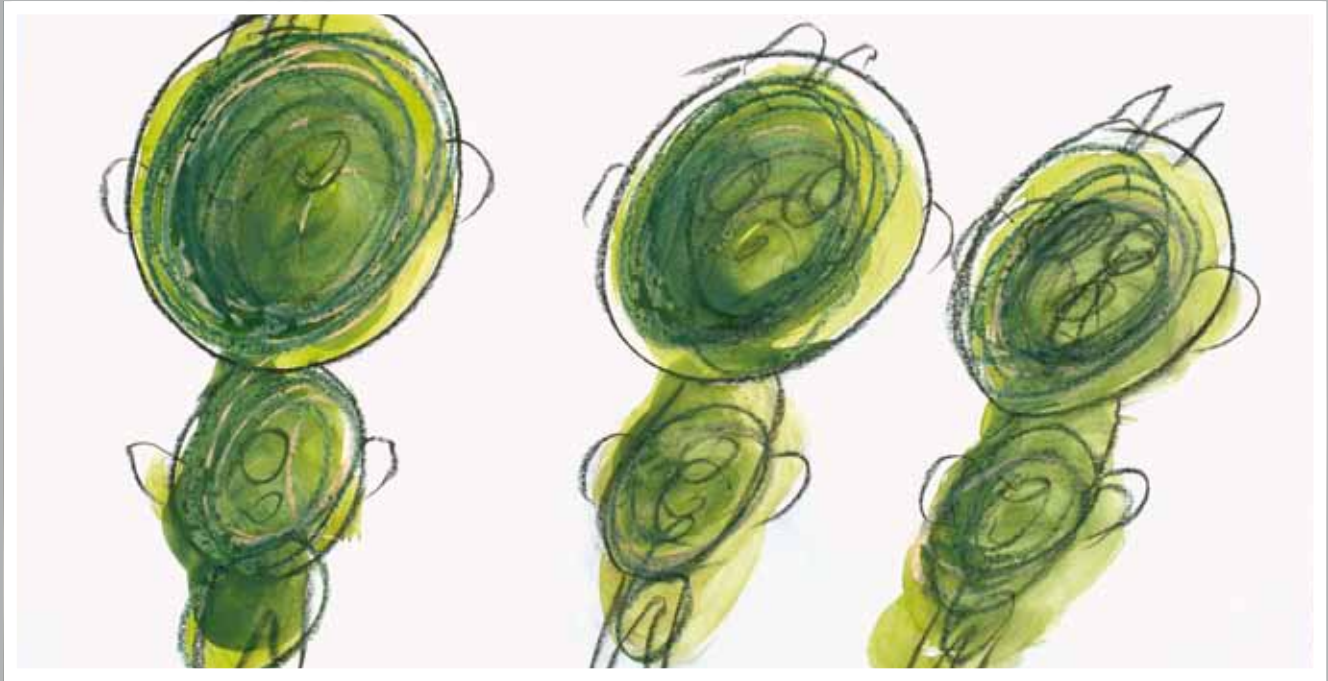
The purpose of the organizational unit "Group Personnel Management," established in 2008, is to increase personnel development efforts and to develop qualified trainees for executive functions from our own ranks. Necessary preliminary work, such as the development of an internationally oriented

trainee program, has already been completed. In the interest of establishing a group-wide executive development program, we carried out pilot projects on 360-degree feedback and on the customized assessment center for choosing executive positions.

## Diversity and Equal Opportunities

As a globally organized group, the rich diversity of our employees is one of our company's key assets. We appreciate the wide range of perspectives our employees bring to our business due to their personal attributes, talents and skills. The policy we live by is also reflected in the personnel structure of our company. In Austria alone, NOVOMATIC AG employs people from 32 nations. Close to 45% of our employees are not from Austria; in other words, they are from families who immigrated to Austria. We are especially proud of the fact that these employees are represented across all hierarchical levels. The share of employees in Austria with non-Austrian citizenship is more than 20 percent. The proportion of women is at almost 40 percent.

We still have some catching-up to do with regard to employing staff with disabilities. In Austria, the share of this group of employees is currently as low as 1 percent. So an important goal for the years to come will be to improve job options for this particular group of people within the group. We will begin assessing possible jobs and planning initial concrete implementation steps in 2010.



Arnold Schmidt, *Three figures*, 1998  
© Private Foundation – Gugging Artists

## Safety and Occupational Health

Safety and occupational health are integral parts of our day-to-day activities. Not only do they reflect our sense of responsibility to our employees, they also equally enhance our competitive ability. Safe and healthy working conditions contribute considerably towards employee motivation. On the one hand, this raises performance quality while, on the other, it cuts both direct and indirect costs.

In addition to general consultation hours, our company physician care is also available to employees for all issues related to business trips abroad. In the first half of 2009, extended preventive medical check-ups were offered, which 130 employees took advantage of. 132 employees took a lung function test offered in cooperation with Vienna General Hospital. Vaccination campaigns (FSME protection, influenza, country-specific vaccinations), first-aid courses as part of a cooperative activity with the Red Cross Mödling, and medical consultation services provided to employees were also on the agenda. Within the partnership established with the Red Cross, we also organized a blood donation campaign at group headquarters in early 2010. All available services were received extremely well by our employees.

The paint finishing system was redesigned so that solvents are no longer necessary. This allowed tests for xylene and isocyanate to be suspended, bringing about an essential health improvement for the employees working with the system.

The focus on “healthy nutrition” that started with Apple Day in 2008 at the Gumpoldskirchen site was continued in 2009. Since March 2010, our staff has been provided with a separate company canteen at group headquarters with food based on nutritional science.

Apart from that, our employees' sports activities receive support through sports sponsoring and attractive conditions provided by affiliated companies. We additionally encourage employees to take part in running events.

Employee protection and accident prevention are another main focus of our activities. Employee protection in Austria is governed by statutory laws and regulations. Our external Safety Representatives monitor compliance with them.

All prevention activities required by law were conducted during the reporting year. These included advising the employers and employees, a tour of the working facilities, determining and assessing dangers, defining hazard prevention measures and the holding of occupational safety committee meetings.

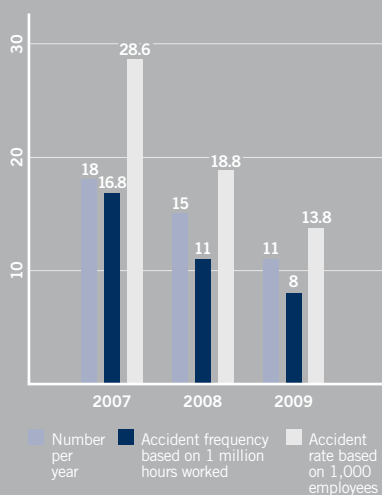
Accident frequency at the Gumpoldskirchen location continued to drop in 2009. All the relevant key figures were noticeably lowered. Both accident frequency and seriousness are at the lowest level ever.

The occupational safety committee meetings are used to discuss and implement measures to further reduce the accident rate. Where this area is concerned, we have set a goal of



Arnold Schmidt *People*, 2009  
© Private Foundation – Gugging Artists

**Accidents at work – accident frequency – accident rate**  
(AGI location: Gumpoldskirchen)



reducing accidents at work to an absolute minimum. But we are well aware of the fact that this is not something that can be achieved overnight.

The establishment of a group-wide health and safety management system will be one of our next steps in sustainability management.

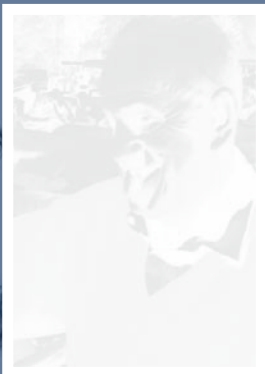
**Key employee figures**

A corporate controlling system for our employee-related data is currently being set up. A suitable IT solution was chosen in the year under report. The relevant implementation measures are planned for 2010. We expect this measure to make collecting and analyzing relevant information much easier from 2011 onwards.

**Key employee figures in Austria**

Key figure	2007	2008	2009
Number/employees	2,154	2,374	2,424
Women in %	42.5%	41.2%	38.8%
New hires	339	594	591
Average age	35.6	36.2	36.8
Migrants in %	23.4%	22.8%	22.8%
University grads in %	3.3%	3.8%	4.7%

as per 12/31/2009



## Franz Kamlander

(1920 - 1999)

Among other works, Franz Kamlander, who was deaf and unable to speak, drew numerous pictures of cows that reflected his rural background. The dynamic flowing lines that sprang from his crayons took the shape of cows in yellow, red and blue. The artist who was never taught sign language developed his own individual sign language and copied typical movements or gestures of the person he was talking to as a symbol for this person.

# Our Ecological Responsibility

## Product life cycle



Having established itself as an innovator and technology leader, the group is very much aware of its responsibility towards the environment. As an integrated gaming group with a high degree of vertical integration, we live by the principles of our ecological responsibility and incorporate them into the entire value creation chain.

Handling resources responsibly is also, and most importantly, a commandment of (economic) reason. This is why we have identified three ecological challenges for our corporate group:

- **Eco-efficiency** – Our products and services are to meet the highest quality requirements while being manufactured in as environmentally friendly and as resource sparing a manner as possible.
- **Energy efficiency** – In all company segments, savings potentials are to be identified and any unnecessary usage minimized.
- **Awareness-building** – As many employees as possible are to participate in our environmental activities and be encouraged to take action proactively upon their own initiative.

In the previous report, we took stock of already-existing environmental measures taken in the company and defined targets for the future. In the present interim report, we would like to give an account of the progress we have made and more clearly point out the challenges we face in certain areas.



## Research & Development

As a premium manufacturer, we strive to produce high-quality and durable products, but there is also an ecological dimension to it. At present, there is a definite trend towards server-based and downloadable gaming. The challenge we face is to develop a hardware platform that has the capability to keep up with the software systems' steadily increasing demands. The future challenge will be to give thought to the gaming equipment's entire product life cycle, right from the planning and design stage.

## Purchasing

The life of an environmentally friendly product starts already the choice of the raw materials, so we select our suppliers very carefully. Conversely, the enquiries we receive from our customers indicate that, being a manufacturer of gaming equipment, we are part of a supply chain ourselves. In future, the demands on an ecologically oriented supply chain will rise. The majority of our machines are manufactured in our own production facilities. So the list of our suppliers from which we buy mostly individual components is correspondingly long. Depending on the order situation and our stocks, we make our purchases from up to 550 suppliers. We mainly buy highly specialized components and have a limited choice when it comes to possible alternatives.

The individual components for PCB assembly are purchased from local distributors, and the PCBs themselves from an Austrian manufacturer that works in accordance

with the highest environmental standards. At 250,000 units, the TFT screens from Asia were one of the biggest items on our purchase list in 2008.

When choosing our suppliers, we attach great importance to quality and reliability. For us components with a consistent quality level and flexible availability has higher priority than paying a low price. We make an effort to build stable and close links with our suppliers.

We have therefore made it a goal to draw up a specific criteria checklist for suppliers in the next reporting year. We require our suppliers assume their responsibility, and we encourage them to offer more environmentally friendly alternatives. We will approach this process step by step by communicating our purchasing guidelines and asking our suppliers for information about their products' environmental compatibility.

## Logistics

We purchase our raw materials from suppliers all over the world, operate several production facilities and export our products to more than 60 countries. All of this requires a sophisticated logistics system. At the same time, goods transport is responsible for a substantial part of our emissions.

### Purchasing logistics

The Gumpoldskirchen site is the central distribution node for purchasing individual components and raw materials. By means of forward-looking warehouse management, we make an effort





Franz Kamlander, *90 cows*, 1983  
© Art Brut KG

to purchase as many components via sea freight and rail freight transport as possible in order to cut costs and emissions. If deliveries have to be made fast, we still rely on air freight.

#### Internal logistics

Since completing the reconstruction of our headquarters building, internal routes of transport have become significantly shorter. Individual factories have been consolidated, storage areas concentrated and connection roads built. This has led to a reduction in total kilometers driven per year by 10 percent.

Our production facilities in the United Kingdom, Germany, the Czech Republic and Austria produce equipment that is ready for sale – no partial assembly takes place – which cuts down on transport between locations. Only the cabinets and the wiring harnesses are delivered to Austria by our factories in the Czech Republic and in Hungary.

#### Export logistics

Our products get to our customers either by air or sea freight or by trucks and, sometimes, by rail. Wherever possible, we choose not only the most cost-efficient but also the most environmentally friendly route. Sea freight and rail transport meet both criteria. Nonetheless, to ensure the consignment arrives in time, we must sometimes also resort to air freight or truck transport.

We use our own truck fleet of five vehicles for deliveries to Austrian locations only. For all other destination we collaborate with forwarding agents. Via forward-looking delivery planning, we do our best to continuously optimize the choice of our means of transport.

We are planning to optimize transport requirements both in purchasing and in product delivery. The entire logistics of our corporate group are currently in the process of being restructured. In future, closer coordination between each of the departments will help to reduce haulage distances while priority will be given to environmentally friendly means of transport.

#### Production

Due to the high degree of own production, a variety of production steps take place at the Group's own facilities. For each device, approximately 250 individual components are used. The cabinets for the gaming machines are from the Czech Republic, and the wiring harnesses are produced in Hungary. In addition, we have production facilities in Germany and in the U.K. as well as a software development center in Poland. The heart of the machines, in other words the assembled power circuit boards (PCBs), are produced at our factory in Gumpoldskirchen. The gaming machines are finished in parallel in Austria, Germany and in the Czech Republic. Thus, the majority of our products are manufactured in Europe – which is quite unusual for the electronics industry.

In PCB assembly, up to 5,000 PCBs and processors are assembled each day. A heat exchanger is used to recover waste heat from the PCB soldering system. As to material usage, we strive to be as efficient and economical as possible throughout all production steps and try to reduce production-related waste to a minimum. All production steps are subject to strict quality control checks, and the hazardous substances contained



in electronic components are reduced to a minimum in accordance with the RoHS directive (Restriction of Hazardous Substances). After all, reducing environmentally hazardous substances is also in the interest of our employees' health and safety.

The ecological optimization of production processes requires exact analysis. We are therefore looking at ways of how to make our products and their components more ecologically compatible whilst ensuring optimum functionality and quality.

### Use

Our products' service life is limited partially by statutory requirements and partially by the industry's extremely short innovation cycles. In order to benefit from the maximum service life of our gaming equipment, we adapt any machines that are no longer in use to current needs and put them back into operation.

### Recycling

If possible, any gaming machines that are no longer in use at the customer's location are brought back to the factory. This prevents operational equipment from having to be disposed of prematurely. At the factory, the old machines are checked to see whether they are in working order, repaired, retrofitted and modernized. In this way, we put more than 13,000 gaming machines back into use in the year under report. If repair is no longer economically feasible, the machines are broken down into their components for recycling.

### Waste volumes in tons

	2008	Change	2009
Old wood, mixed	237.58	3.8%	246.63
Saw-dust 8m³ container	28.69	45.5%	41.74
E-scrap, non-hazardous	27.88	-46.8%	14.83
Monitors	46.78	-51.9%	22.5
Fluorescent tubes	0.17	-79.7%	0.04
Cable CU	0.94	201.9%	2.84
Cooling equipment	0.16	-46.9%	0.09
Scrap iron, 10m³ container	22.13	32.2%	29.26
Bulky waste	-	-	0.24
Oil-contaminated waste	0.32	-25%	0.24
Dry/consum. batteries	0.31	32.9%	0.41
Spray cans	-	-	0.08
Paints & varnishes	9.07	-57.1%	3.89
Hardened oil paint	1.18	14%	1.34
Paint & paint sludge	-	-	1.08
Glue & adhesives	-	-	24.66
Waste oil in containers	1.78	15.7%	2.06
Devel. baths, bleaches	25.18	-48%	13.1
Solvents	1.44	52.8%	2.2
Plastic pack./polystyr.	38.69	-26.6%	28.41
Residual waste	301.95	-18.4%	246.28
Cardboard boxes, 40m³	119.73	-22.1%	93.22
Waste glass	0.09	252.9%	0.3
<b>Total</b>	<b>864.07</b>	<b>-9%</b>	<b>786.42</b>



In the last report we set ourselves the specific target of improving residual waste separation. We definitely made some progress here. The amount of commercial waste was further reduced. Packaging material – primarily cardboard boxes, plastic and polystyrene – is now collected separately, using containers located throughout the factories, and is then recycled. Not only is this environmentally friendly, it also helps to save costs, since it is more expensive to dispose of commercial waste than of recycling materials. Designated containers are also provided for most of the other waste material categories generated during production.

In 2009, the total amount of waste dropped by nine percent compared with the previous year. Just about nine percent of the total waste volume is accounted for by environmentally hazardous materials that have to be disposed of with special care.

## Administration

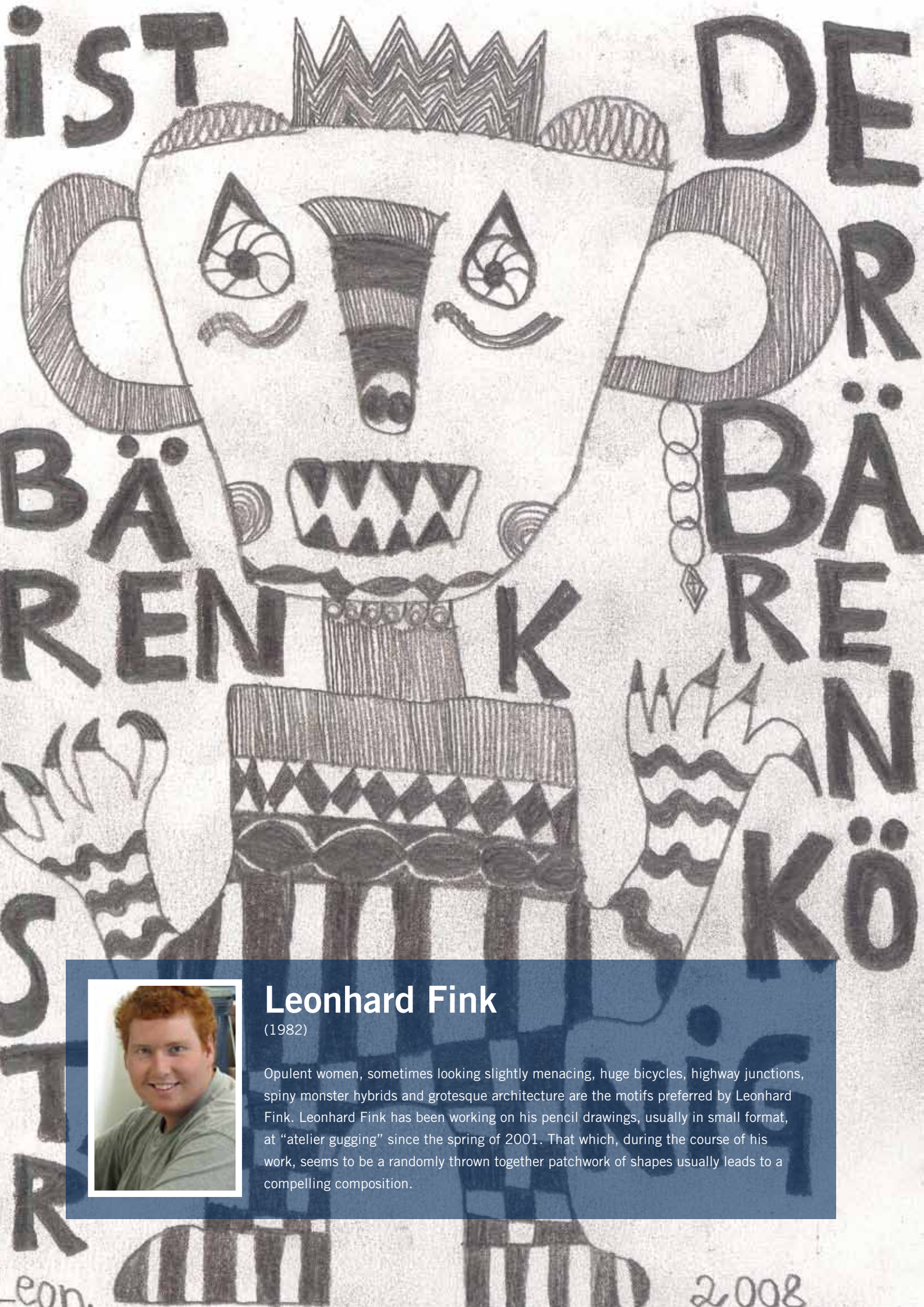
Further optimization potential can be found at the group headquarters in Gumpoldskirchen, where almost all of the corporate group's administrative processes are concentrated. On the one hand, we are doing our best to create awareness in order to encourage employees to integrate environmental considerations into their day-to-day work routine. On the other hand, we are trying to maximize savings potential by taking measures in process organization.

Individual initiatives during the year under report included the purchase of special waste paper containers in the offices and awareness creation measures relating to the consumption of paper.

A successful example of process organization was the change-over to electronic invoicing. The system "Novodom Indoc Management" is used to scan incoming invoices and edit them electronically. As a result, it is no longer necessary to make multiple copies of around 50,000 invoices consisting of 1.5 pages each, including delivery documents, each year. Our long-term goal will be to achieve full electronic processing of all invoices from receipt to filing.

In our last report, we made it our goal to reinforce the importance of conserving resources and acting in an environmentally responsible manner by including such individual initiatives in the Employee Manual. In the CSR newsletter, which we are planning for 2010, individual initiatives like these will be addressed on a regular basis. At the same time, we would like to expressly encourage our employees to provide their suggestions on how to optimize and implement processes.

In our last report, we mentioned our intention of implementing extensive data collection. In 2009, the year under report, we were unable to attain this ambitious goal, but preparations are underway to bring us closer to achieving it. We are currently looking at different ways to implement an environmental management system and are hoping it will lead to savings effects on energy costs and resource consumption.



## Leonhard Fink

(1982)

Opulent women, sometimes looking slightly menacing, huge bicycles, highway junctions, spiny monster hybrids and grotesque architecture are the motifs preferred by Leonhard Fink. Leonhard Fink has been working on his pencil drawings, usually in small format, at "atelier gugging" since the spring of 2001. That which, during the course of his work, seems to be a randomly thrown together patchwork of shapes usually leads to a compelling composition.

2008

# Compliance & Risk Management

As a company in the gaming industry, NOVOMATIC operates in an environment with complex legal regulations that differ widely from country to country. Compliance with the regulatory requirements in each of the jurisdictions is indispensable for obtaining and maintaining licenses and thus for our company's success. Our Compliance strategy therefore comprises a string of measures intended to meet the increasing requirements of supervisory authorities.

The term "compliance" refers to the entire set of measures taken to ensure that the company, the members of its organizational units and its employees adhere to all legal obligations and prohibitions. In addition, it should ensure compliance of entrepreneurial business conduct with all social guidelines, moral concepts and ethical values. The paramount objectives are avoiding economic damage, ensuring and preserving the company's good reputation and integrity, minimizing risk and raising efficiency.

We draw a basic distinction between site-related operator's licenses, company-related licenses (manufacturing or sales licenses) and equipment or product licenses. In the countries where the group is engaged in business, the production and sale of gaming machines or other gaming products requires the approval of a state supervisory authority for gaming.

The granting of licenses and/or concessions is governed by different regulations depending on the country. The reason for such conditions, characterized by complex legal regulations, are the statutory regulations in place to protect against

gambling addiction, the protection of minors and the prevention of money laundering and illegal gambling.

## Regulatory & Legal Gaming Compliance

The regulations stipulated by gaming supervisory authorities are often extremely strict and extensive. In order to meet their complex requirements, an intragroup Regulatory Compliance Committee was set up to ensure permanent cooperation with the authorities.

NOVOMATIC operates exclusively in regulated markets that have a clearly defined legal and regulatory operating environment. The licensing procedures differ by country. Each jurisdiction has different priorities – but what they all have in common are requirements that are growing more stringent every year. It is not only the enterprise itself that is subject to screening. Its owners, supervisory boards, management boards, managing directors and authorized signatories likewise have to undergo thorough investigative screening. Any single change in the company or management structure must be reported to the supervisory authorities without delay, as the preservation existing licenses will depend on their approval. The group's management of finances is also scrutinized on a regular basis.

## Technical Compliance

The licensing procedures also place high demands on our technical compliance department. Accredited testing laboratories audit and certify the gaming machines' hardware



Leonhard Fink, *A wild tortoise*, 2009  
© galerie gugging

components and software. This ensures that the machines and certain functions like payout shares comply exactly with the technical requirements defined by the respective legislation, and that these functions cannot be manipulated. At the same time, this is a strict quality control check. The high demands on Technical Compliance are also in our interest as a manufacturer and operator. Our product innovations have repeatedly been the target of product piracy – close collaboration with the authorities in this area helps to identify and fight product piracy.

### Compliance Partner Check & Due Diligence Audit

To ensure that existing licenses are in no way jeopardized, it is necessary to subject prospective business partners to a due diligence audit that is carried out with great care. This means that prior to entering into a new partnership with new business partners, in particular, or acquiring companies or shares in companies, an extensive compliance background check and/or a financial, tax and legal due diligence audit is performed. If necessary, we also consult external experts. Finally, we require our business partners to accept and implement our compliance standards.

### Reporting System Within the Group

Of equal importance is the fulfillment of compliance standards within the group. Our subsidiaries are therefore asked to report regularly on all compliance-relevant subjects. This is done in the form of standard procedures and checklists to

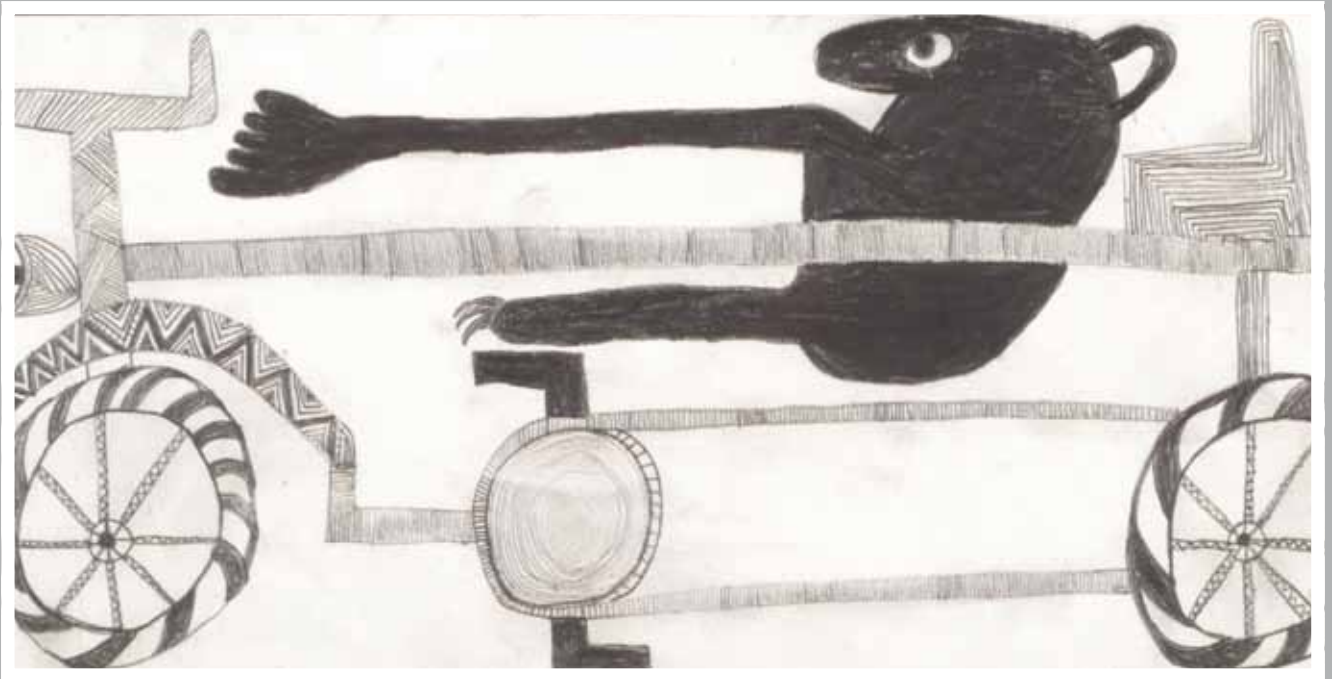
ensure that all relevant incidents are immediately reported to our Compliance Representative.

In the coming reporting year, we are planning to increase our subsidiaries' involvement in the quality management process. We strive to optimize regular reporting and make the process smoother. All of these measures are intended to further improve cooperation with the authorities and, at the same time, to secure our position as innovation leader via continuous enhancement of our products.

Anti-corruption and the prevention of money laundering are subjects that are given top priority in our industry. In accordance with the European money laundering directives, the Group and its subsidiaries accept only such payments that are clearly traceable.

### Code of Conduct

Our compliance efforts are not limited to legally required regulatory and technical compliance, but should also reflect our values. It is for this reason that we have compiled a set of rules of conduct and have included them in an internal Employee Manual and in the NOVOMATIC Code of Conduct, which should prompt all employees to conduct themselves with integrity and responsibility both within the Group and when dealing with the public. We plan to continually expand this Code of Conduct, which is intended to provide all employees with specific instructions for day-to-day work and help them to make responsible decisions.



Leonhard Fink, *One Bicycle*, 2009  
© galerie gugging

## Risk Management

Due to its global business operations, our corporate group is exposed to a number of strategic and operating risks. In order to control risks like these, NOVOMATIC started to set up a group-wide, uniform risk management system in 2009.

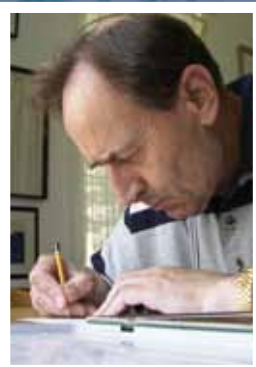
The objective of risk management is to identify risks early on so that proactive control measures can be taken. In addition, it is applied to strengthen risk awareness in our employees and increase transparency.

Systematic identification and analysis of all risks and opportunities affecting the Group forms the starting point for the way the risk management system is organized in detail. The risk and opportunity analysis forms the basis for assessing existing measures and defining additional action required to manage risk. For continuous monitoring of the risk and opportunity situation and for active control, the risks and opportunities are assigned to responsible executives in the business segments and group companies. The central Risk Management Department provides advice to the individual areas and is responsible for continuous updating of the system and reporting. NOVOMATIC's Group Auditing Department monitors the risk management system's integrity.

## Data Protection

The data protection measures initiated in fiscal year 2008 were continued in 2009 to ensure the high level of data protection

supported by NOVOMATIC AG. The implemented activities focused mainly on data protection-related checks concerning the reliability, specific function and application of automatic procedures that were to be introduced. These measures ensure that certain data protection law aspects of new applications and processes are taken into consideration at an early stage. In particular, the checks are performed to determine which underlying legal and contractual provisions the data application is based on and which employees are entitled to access person-related data. Furthermore, to protect person-related data used at NOVOMATIC AG from unauthorized access and data abuse, extensive technical and operational security precautions were taken. These security measures are revised regularly and adapted to reflect technological progress.



## Heinrich Reisenbauer

(1938)

In his drawings, Heinrich Reisenbauer is controlled, neat and pedantic. His figures, objects and other simple motifs are all lined up in an orderly fashion – strictly the same but not identical, which is exactly what makes his works so charming. The large canvasses are especially well done. Determined and adept, he uses a black Edding marker to balance out the surface.



# Sustainable Business

We have been pursuing the strategy of lasting and long-term growth for many years because we know that numerous stakeholders are directly or indirectly affected by our corporate performance.

As an owner-managed Austrian company, NOVOMATIC is successful on an international scale. Although NOVOMATIC exports 97 percent of its products to markets abroad, we made a conscious decision to further strengthen our production locations in Austria. By investing around EUR 90 million in the expansion of our Group headquarters last year, we demonstrated our clear commitment to Austria as the location of our Group headquarters, securing around 2,700 jobs.

As a leading company in the region, we generate key impulses for small and medium-sized enterprises in our general vicinity. A current survey conducted by the Federation of Austrian Industries in 2009 showed that EUR 1 million of added value generated by a leading company led to EUR 2.2 million of added value created in Austria. One job provided by a leading company secured on average 2.8 further jobs in Austria.

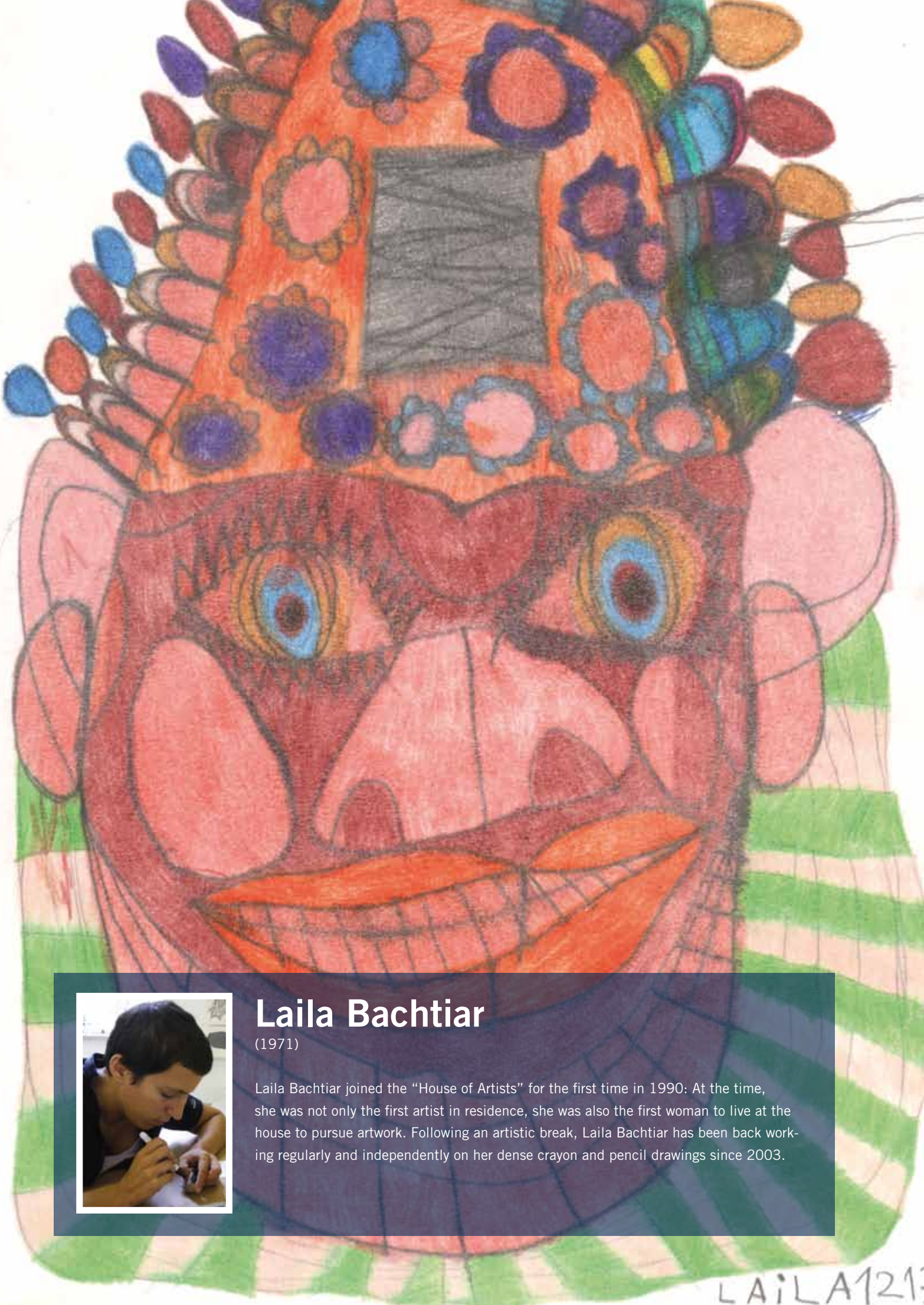
In 2009, NOVOMATIC AG's contribution to national and regional value creation amounted to EUR 226.6 million, of which EUR 108.9 million went to our employees' salaries and EUR 77.0 million were passed on to the public in the form of taxes and levies. EUR 40.7 million were reinvested to secure the long-term future of our company.

We invest in the future. By spending sums on research and development that far outpace the industry average, we secure our position as innovation leader in the gaming industry. In order to preserve this competitive edge through expertise, we have made a conscious decision against outsourcing, and instead rely on our own highly qualified employees. This gives us the ability to respond flexibly to customer requirements, ensure high quality standards and preserve our competitive edge, despite the particularly short innovation cycles typical of our industry.

## Sustainable Financing

NOVOMATIC pursues a conservative financing policy and strives to achieve a lastingly high equity ratio and a moderate debt ratio.

NOVOMATIC took advantage of the favorable capital market environment in late 2009 / early 2010 to issue an internal bond amounting to EUR 200 million. Proceeds resulting from the bond sale will be used firstly to optimize the financing structure and, secondly, for direct investments and acquisitions. The high earning power, the stable cash flows and the created liquidity backstop facilities enable both organizational growth and investments in new acquisitions. NOVOMATIC invests counter-cyclically in technology, innovations and other market opportunities. The ownership is oriented towards a long-term strategy and relies on controlled and sustained growth and the creation and securing of jobs and rather than short-term profit maximization.



## Laila Bachtiar

(1971)

Laila Bachtiar joined the “House of Artists” for the first time in 1990: At the time, she was not only the first artist in residence, she was also the first woman to live at the house to pursue artwork. Following an artistic break, Laila Bachtiar has been back working regularly and independently on her dense crayon and pencil drawings since 2003.

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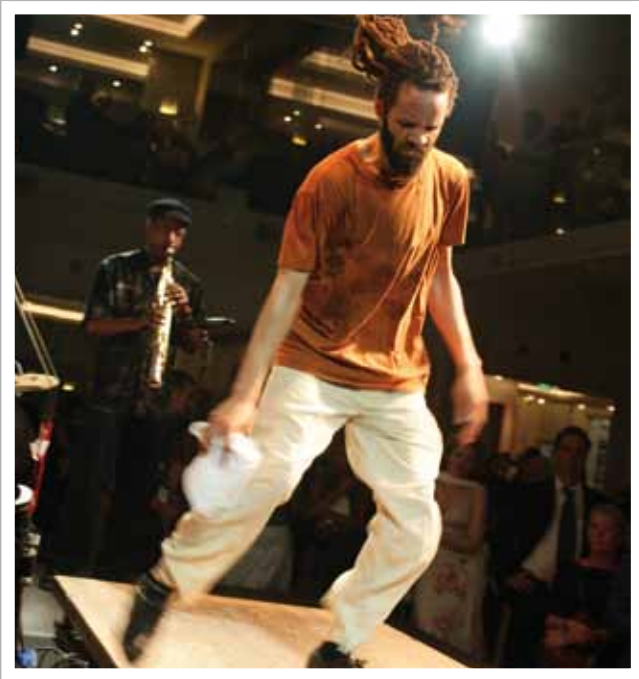
# Social Responsibility

We firmly believe that companies can only do well in the long term if they are embedded in a well-functioning society based on solidarity. Having a tradition of good corporate citizenship, we regard it as our duty to return a part of our success to society.

It is not always easy to choose suitable sponsoring partners. We seek to focus on long-term partnerships to which NOVOMATIC can also make a substantive contribution. Their development is distinguished by a spirit of give and take from which both sides profit. We have therefore put together a set of principles and guidelines:

- We believe in the connecting power of art and culture. By supporting cultural initiatives and promising artists we promote diversity in society. Wherever possible, we link art and culture with social concerns. By establishing the Novomatic Forum, we have created a place where we want to make art and culture accessible to the general public.
- We promote commitment and innovative ideas. This is why, in the area of business and research, we support young talents in various scientific disciplines, thereby strengthening Austria as a research location. We contribute towards a dynamic business location by promoting personal commitment and entrepreneurial spirit.
- We believe in fairness and team spirit in sports. That is why our subsidiary Admiral Sportwetten encourages the integrative function and democratizing effect which professional and popular sports have on our society by supporting a wide range of sports clubs.
- Empowering people to help themselves and the strengthening of personal responsibility are our guiding principles in social issues. Together with charitable institutions, we give disadvantaged people the chance to take their fate into their own hands. To make this possible, we enter into lasting partnerships with experienced NGOs and community initiatives. But we are also happy to help fast and unbureaucratically: following a check carried out by a special board of trustees, Admiral Charity Fund will also provide fast and unbureaucratic help to disadvantaged people in individual cases without any mention to the media.
- Via our locations, we are firmly anchored in the region. We therefore not only invest in our locations and our employees, but also contribute towards a lively exchange with local communities. The promotion of regional initiatives and local cultural and welfare institutions forms a fundamental part of our commitment.

On the following pages, we would like to present selected highlights from the many sponsoring partnerships and projects of the past reporting year.



## Art & Culture

One matter close to our hearts is our sponsoring commitment for museum gugging. As we already mentioned in the introduction, we take pride in being able to illustrate our report with works by the Gugging Artists. In this reporting year, we continued to support museum gugging and also co-financed its reopening.

For its long-term partnership with museum gugging, NOVOMATIC was awarded the maecenas prize of Lower Austria in the category of large-scale companies during the reporting year. Our sponsoring partnership enables museum gugging to finance additional exhibitions and art projects. The maecenas prize has encouraged us to foster long-term partnerships. Companies are called upon to be a reliable partner for cultural initiatives, even more so in times of declining public spending on arts and culture.

In collaboration with the Vienna State Opera, we have repeatedly connected arts and culture with social concerns. Ten euros from each ticket for performances supported by NOVOMATIC go towards a social project. Such projects are overseen by institutions like Care Austria or Caritas. Another cooperative effort with the State Opera involves giving a scholarship to one promising young talent every year. This year's recipient of the NOVOMATIC scholarship was the successful Romanian soprano Anita Hartig, born in 1983, who has been critically acclaimed by the press as an outstanding discovery.

As a sponsoring partner of the Maria Enzersdorf Festival, we contributed to the success of the summer festival at Burg Lichtenstein in Maria Enzersdorf, which has a very long tradition. Nestroy productions directed by Elfriede Ott are performed there every year.

The former Verkehrsbureau building at the Naschmarkt, which was acquired in 2007 and has since been very carefully renovated, has given Vienna a brand new venue for the dialogue between culture and business. Construction work on the Novomatic Forum was completed in July 2009. It was our objective to create a place that is open for the encounter between arts and culture, business, politics and science. In future, the Novomatic Forum is to provide the setting for increased exchange between civil society and business on a European scale.

True to its motto "NOVOMATIC brings culture into play," we offered the newly opened Novomatic Forum as a festival lounge to the ImPuls Dance Festival for a whole month in July. This not only gave the 26<sup>th</sup> Vienna International Dance Festival a venue for a rich variety of dance and performance artists, but was also a perfect opportunity to introduce the Novomatic Forum as Vienna's new arts and culture center.

## Business & Research

As a leading company in our region, we benefit from a dynamic economic environment. This is why we once again decided to support the young entrepreneur initiative "Move on" in the



reporting year. With this long-term partnership with the “Pro Lower Austria” association, we seek to live up to our claim of supporting sustainable cooperative projects.

As a founding member of the association Business for Integration, our financial support enabled ten young people to take part in an editorial staff training course at the trans-cultural magazine “Biber.” With our pro-active approach to the future-oriented topic of integration, we demonstrate our belief that diversity matters a great deal.

We also maintain a longstanding partnership with various research facilities, such as the Department of Informatics at Vienna University and the Technical University of Vienna. We value both as important partners for the exchange of know-how. With the annual “Austrian Life Science Award” (ALSA), we honor promising young researchers in the field of life science and medical engineering.

By supporting the Medical University of Vienna, we help to push forward research into non-substance-related addictions. The resulting findings will flow into the advancement of our prevention program.

## Sports

Admiral Sportwetten GmbH co-sponsors and supports a total of more than 150 sports clubs. Since 2008, we have been the league sponsor of the ADMIRAL Basketball national league. Apart from that, we also sponsor several successful

professional sports clubs, among them ice hockey, soccer and handball. Another area which we consider important to support is popular sports. Sponsorships included the Vienna Night Run, the Lower Austrian Street Soccer Challenge and the Vienna Firefighters’ Run.

We have been supporting hand cycling athlete Wolfgang Schattauer for many years. Among other things, we helped him to participate in the Paralympic Games in Beijing in 2008, where he won a gold medal. Once again this year, we focused on sponsoring this physically disabled athlete and helped to finance equipment purchases and travel expenses to sports competitions.

Vienna’s Krieau harness racing club has been a longstanding equestrian sports partner of Admiral Sportwetten for many years. The old and established racetrack at the Vienna Prater is Austria’s largest organizer of horse betting. Its annual highlight is the trotter derby supported by Admiral.

## Social Involvement

The SOS Children’s Villages give a loving home to 70,000 children and youths all over the world who have no parental care or whose families live in difficult conditions. To mark the organization’s sixtieth anniversary, NOVOMATIC CEO Franz Wohlfahrt invited a children’s village mother from the Children’s Village in Hinterbrühl to attend the Vienna Opera Ball in the NOVOMATIC box, contributing towards giving this important initiative the public attention it deserves.



During the year under report, we were a sponsoring partner of the Vienna poverty campaign organized by the non-profit organization Vienna Volkshilfe. The patron of the campaign “Poverty hurts,” Margit Fischer, has been pointing out the widening gap between rich and poor in Austria since 2004, and collects donations for people in acute poverty.

The Admiral Charity Fund was created to provide unbureaucratic and spontaneous help to individual people in serious difficulties without any mention to the media. Furthermore, the Admiral Charity Fund provided financial aid to charitable organizations like the Clinic Clowns, “Licht ins Dunkel” and “Hilfswerk Österreich.”

### Regional Involvement

At our group headquarters in Gumpoldskirchen, we supported a series of local initiatives, social and cultural facilities and clubs. As the majority of our employees live in the region, it is a particular concern of ours that our initiatives also be backed by as many of our employees as possible.

After a fire at the operations center of the non-profit Samaritan organization “Samariterbund” in Floridsdorf-Donaustadt in June 2009, NOVOMATIC AG decided to provide immediate help and enabled the acquisition of a new and fully equipped ambulance vehicle.

One outstanding example of the many initiatives we support is Lebenshilfe Gumpoldskirchen, a non-profit organization

that gives people with disabilities meaningful activities and facilitates their integration in the job market. NOVOMATIC has been cooperating with Lebenshilfe for many years and, wherever possible, we outsource adjustment production jobs to the Lebenshilfe workshop. We wish to further expand this cooperative arrangement, if possible.

For the next period under report we have made it our goal to sharpen our profile as sponsor and supporter of cultural and social initiatives, to step up our focus on long-term partnerships and to increase our emphasis on the mutual benefit gained from such initiatives. The Novomatic Forum in particular, as our center for the arts, culture and dialogue, shall increasingly be placed in the foreground during the coming year.

# Fields of Activity

	Targets	Date	Implementation status
	Continuous expansion of stakeholder dialogue	2011	New target
Responsible Gaming	Expansion of the country-specific Responsible Gaming programs	2011	Ongoing
	Comprehensive employee training course in the area of Responsible Gaming	2010	Specific planning steps taken
	Expansion of the Gambling Addiction competence network	2011	Ongoing
	Continuous further development of the access control system	2011	Currently evaluation of NOVOCARD
	Development of a program for uniform executive development	2009	Initial considerations made
Employees	Trainee pool – trainees	2010	New target
	Set-up of a qualification program for our operations with main focus on CSR	2010	New target
	Set-up of group-wide controlling with employee-related data	2011	New target
	Set-up of subject-specific networks within group	2011	New target
	Creation of a group-wide safety and health management system	2011	New target
Ecology	Optimization of waste disposal	2010	Achieved – continuous optimization
	Definition of ecological and ethical purchasing criteria	2011	Guideline draft in planning stage
	Paper-free purchasing	2010	Continuous system change-over
	Evaluation of transport logistics	2011	New target
	Raising of environmental awareness among employees	2010	Partially achieved
	Environmental management and data collection	2012	In planning stage
Compliance	Optimization of internal compliance reporting	2011	Ongoing
	Further development of the Code of Conduct	2011	Ongoing
	Implementation of intern. donation & sponsoring guidelines	2010	Ongoing – draft in approval stage

Dear readers:

In this report, we would like to give you more than just an account of what we have achieved so far and of the challenges that still lie ahead. Above all, we would like to invite you to a dialogue, offer you insight into our company and subject ourselves to critical examination. We hope that this report meets the expectations and interests of our stakeholders. Please let us know if we have succeeded in doing so and if there were any other subjects you were hoping to read about. We would be equally delighted to receive your suggestions for improvement, as well as your praise.

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**Consolidated  
Financial Statement  
NOVOMATIC AG Group**

# Management Report

on the 2009 Individual Financial Statement and Consolidated Financial Statement  
NOVOMATIC AG, Gumpoldskirchen

## 1. Economic Framework

The global economy was marked by a severe recession in 2009. Economic growth diminished at varying degrees of severity: in the USA by about 2.5 percent, globally by 3.5 percent. According to the WTO, international trade fell even more sharply than initially feared. The decline amounted to twelve percent.

In the Euro Zone, the gross domestic product (GDP) dropped by 4.1 percent in 2009 according to Eurostat. For 2010, only a slight increase of 0.7 percent is anticipated. The economy is then expected to grow by 1.4 percent in 2011. Due to the only slow recovery of industrial production, it is assumed that production activity, as well, will persist at a low level for some time. Private consumption is not expected to supply any positive stimuli for the GDP. Only net exports and public expenditures may be able to make a positive contribution.

Following the severe recession – the gross domestic product dropped by 3.4 percent in 2009 – according to the medium-term forecast of the Austrian Institute of Economic Research (Wifo), an average economic growth of 1.8% per year is expected in Austria for the period from 2010 to 2014. This is  $\frac{3}{4}$  of a percentage point lower than the average of the last decade prior to the financial crisis until 2008/9 (2.5%). According to Wifo, not even in the best years of the forecast period (2010 and 2013), at 2% each year, will the growth approach this historical average of 2.5%.

## 2. Development and Trends in Gaming

In 2009, the global gaming market was affected to varying degrees in the wake of the financial and economic crisis. In the USA, as early as mid-2008, considerable declines in bets became noticeable – in particular in so-called destination gaming, for instance in Las Vegas. As a result of the crisis, the construction of a series of major casino projects in Las Vegas was stopped. With the crisis having reached the USA as early as mid-2008, gaming earnings there are estimated to have diminished once again in the previous year by around ten percent. In Europe, so-called local gaming (which predominates) was less affected by the crisis.

The decline in gaming turnover was delayed in Europe. Not least due to the introduction of prohibitions on smoking in various jurisdictions, there were considerable earnings losses in the casino segment. Markets in Asia (with Macao at the forefront) and Latin America were less affected. There are still, however, no reliable figures based on official studies regarding the effects of the financial and economic crisis on the global casino and gaming industry.

The global gaming market is dominated by lotteries and casinos which each account for around 30 percent of the total market share. Gaming machines outside of casinos form the third largest market segment worldwide with around 23%. By sales channels, the share held by terrestrial gaming continues to be 95 percent while the share of online gaming remains five percent.

The European market (total turnover in 2008: 140 billion USD) differs noticeably, however. Here, gaming machines dominate the market. According to the most recent data available, from 2008, gaming machines account for a market share of 37 percent. Since 80 percent of turnover is attributed to gaming machines in casinos, as well, these two segments dominate the market and are clearly ahead of classic lotteries with a market share of 34 percent. The most important markets for gaming machines are Germany (225,000), the UK (240,000), Spain (250,000) and Italy (300,000).

Whereas the gaming market in the USA is considered to be extensively saturated, there is still potential for growth in some markets in Europe – in particular in Italy, for instance – as well as in Latin American markets and in certain markets in Asia. The main driving forces for this growth are slot gaming and online gaming. In casinos, the trend away from live to machine gaming continues undiminished.

In terms of gaming machines, the trend shifting from reel to video machines with new, additional features is continuing. The topic of networking is gaining more and more ground. Information systems and networked video lottery terminals (VLT) as well as increasingly server-based and downloadable gaming, are on the rise.

Observing the example of Italy, where in 2009 new licenses for VLTs were granted, it becomes clear that VLTs may have promising future potential in other markets due to their increased transparency – for instance in connection with payment of taxes. Ernst & Young estimates in “The 2009 Global Gaming Bulletin” that gaming turnover in Italy rose by 8.4 percent in 2009, despite the economic crisis.

Mobile phone gaming has not yet achieved any significant market shares. The extent to which the online poker boom in casinos will continue cannot be predicted.

### 3. NOVOMATIC AG General Corporate Development

NOVOMATIC AG is a globally active integrated gaming company with a dually oriented strategy as a manufacturer and operator as well as a new, third pillar as a content provider of games for licensed online and offline providers in regulated markets.

During the reporting period, the company managed, despite trying economic conditions, to assert its position as Europe's leading integrated gaming enterprise and high-tech developer of gaming equipment as well as one of the top players in the industry worldwide. The company's top priority here is placed on the principle of only operating in regulated markets with clear regulatory and legal frameworks.

In its 29<sup>th</sup> year of existence, NOVOMATIC AG reinforced its position as one of Austria's leading technology companies and once again confirmed its position as an attractive employer headquartered in Austria. In the 2009 Austrian brand value study, NOVOMATIC AG took eighth place among the top Austrian brands with a brand value of 1.937 billion (2008: ninth place) and, at 14 percent, showed the strongest increase among the top ten brands.

During the reporting period, NOVOMATIC further intensified its information offensive regarding gambling addiction prevention. In addition to developing a competence network in the area of responsible gaming, at the first "NOVOMATIC Responsible Gaming Symposium," new NOVOMATIC regional gambling addiction representatives from all over Austria were advised and trained by recognized experts regarding the problems of pathological gambling. Due to the great importance of this topic, this symposium will be made into an annual fixture in the company's internal training program.

The company's duality as a manufacturer of state-of-the-art gaming equipment on the one hand and an operator of casinos, electronic casinos and sportsbetting outlets on the other particularly stood up to the test in this difficult market environment. Thanks to these synergies, the effects of the economic crisis on turnover and profit were able to be mitigated. Overall, the general economic situation of the markets of the NOVOMATIC Group was however characterized in 2009 by the global economic crisis and certain Eastern European countries were hit very hard by it.

### **3.1. Sales and Leasing**

#### **General**

During the reporting period, the market environment proved very difficult because used machines from Russia and the Ukraine – all gaming operations were shut down in both countries during the first six months of 2009 – flooded the market. Sales revenues fell compared to 2008 due to the economic crisis. In particular, there was a noticeable reluctance among international gaming operations to invest. Turnover from rentals was held stable during the reporting period, however.

Again in 2009, Austrian Gaming Industries, NOVOMATIC Group's subsidiary responsible for research, development, sales and marketing was able to assert its position as one of the global market leaders in the arena of electronic multiplayer systems as well as attractive and interactive games, despite a difficult economic environment. This success is based not least on the vision developed by NOVOMATIC founder Prof. Johann F. Graf as far back as fifteen years ago – that of combining the appeal of classic live games with the possibilities afforded by state-of-the-art technologies. After production had been transferred to the newly constructed factory at the company's headquarters in Gumpoldskirchen, the new administration building was also occupied by the end of the year.

At the world's most important gaming exhibition, the "International Gaming Exhibition" (IGE), Austrian Gaming Industries presented the new Novo Unity™II server-based platform at the end of January 2009. The entire range of multiplayer games was graphically adapted and transferred to the new platform.

Novo Unity™II is an innovative platform for the flexible operation of all NOVOMATIC multiplayer games on a network. The operator can thus offer any desired number and combination of NOVOMATIC multiplayer products at individual player terminals. A database server functions as the central interface for communications between all connected game servers, which manage the information from the peripheral devices and the individual player terminals.

Novo Unity™II was developed to be the platform for the future of multiplayer gaming on which the operator can depend and which forms the basis for a wide range of further Austrian Gaming Industries GmbH product developments. The new features were presented in the equally new Novo-Vision™ Slant Top II and Novo-Bar™ cabinets.

In 2009, Austrian Gaming Industries GmbH consistently pursued its fight against product piracy, in which it has been engaged for years.

### **Austria**

Sales revenues fell compared to 2008 due to the economic crisis. In particular, there was a noticeable reluctance to invest among international casinos and operators of electronic gaming machine casinos. Turnover from rentals remained stable during the reporting period, however.

### **Western Europe**

In Germany, the attractive product line and a successful sales strategy brought the group company NSM LÖWEN Entertainment GmbH satisfactory results in sales. In 2009, the number of leased gaming machines was once again increased. Despite the economically difficult phase, NSM LÖWEN managed not only to assert the market leadership it had achieved in this segment, but also to further expand it.

Crown Technologies GmbH, which was taken over in 2007, also managed to continue its strong growth course in the German market. The Admiral Crown Slant Top established itself as a very successful product in the German commercial gaming market. A new building complex at the Crown factory premises in Rellingen, bringing together development, production and administration on a usable area of 7,200 sqm, was completed during the reporting period. Together with NSM-LÖWEN, turnover and earnings were increased.

The Austrian Gaming Industries GmbH subsidiary Astra Games Ltd., a leading British manufacturer of gaming equipment specializing in the development of gaming products specifically for the British market, created a new focus in the area of remote gaming, which supplemented its traditional business of manufacturing gaming machines for the British market. With its own remote gaming platform, the "Novo Remote Gaming System" (NRGS), the company formed initial partnerships as a content provider for licensed third-party providers on the Internet – with Sky Vegas, a company belonging to the BSKYB Group as well as with Orbis OpenBet – and thus a new, third branch of business in addition to production and operations was developed for the entire group of companies. Thanks to this third pillar, additional turnover can be generated now in economically difficult times. The sales and leasing segment, on the other hand continues to suffer from the difficult economic environment, which is producing a continuing weak demand on the part of machine operators in the UK. Sales outside of the UK improved, however, allowing Astra to exceed the previous year's levels of turnover and earnings.

In Italy during 2009, preparations were made in the sales and leasing segment for the market entry to take place during the 2010 fiscal year. Leasing of both video lottery terminals (VLT) and AWP machines (i.e. gaming machines outside of casinos) is planned.

In Spain, the market entry which took place in 2007 progressed at a sluggish pace. After the awarding of product licenses for the Spanish regions of Andalusia, Aragon, Murcia and Madrid in 2008, there was an expansion in product licensing to the regions of Catalonia, Extremadura, Valencia, Cantabria, Castile-Leon, the Balearic Islands and Asturias. The Spanish gaming market offers great market potential and represents, in the medium and long term, an important target market for the group. Current turnover and earnings performance is below expectations, but limited starting losses are being accepted so as to carefully develop market know-how and develop the infrastructure for the future market presence.

### **CEE**

In the Baltic States, turnover in the sale and leasing segment fell during the 2009 fiscal year. Segment revenue suffered during the reporting period as a result of strong competition from used machines.

In Hungary, the extension of AGI Hungaria Kft's cable harness production plant was officially opened. Corresponding to the challenging economic conditions, proceeds from manufacturing fell there. The number of leased gaming machines in Hungary rose

during the 2009 fiscal year despite the difficult market situation due to the effects of economic crisis and the decline in the number of gaming machines in the overall market.

## **SEE**

In Croatia, leasing business declined due to the economic crisis and the resulting difficult circumstances of leasing customers.

The leasing business in Romania in 2009 was unable to reach the previous year's level due to the effects of the economic crisis. In addition, this segment is also suffering from the surplus of used machines from Russia and the Ukraine resulting from the closure of these markets.

## **Rest of the World**

In contrast, sales on the South American continent proved stable to a large extent. In Argentina and in Paraguay, market entry was completed through the foundation of subsidiaries. Mexico looks to be a promising market due to the new regulation of class III gaming.

In Peru, revenues from sales and leasing are also suffering under the strong competition from used machines. Turnover fell compared with the record year of 2008. The successful company performance of Crown Gaming Peru was continued, however, which allowed a positive result to be contributed to the group result.

Despite difficult economic conditions, business performance in Africa was able to be continued in terms of both sales and leasing. In Asia, as well, the recession had a less severe impact, as evidenced by facilities in Singapore and South Korea.

## **3.2. Gaming Operations**

### **General**

2009 proved to be a very trying fiscal year in certain countries. For this reason, the number of gaming operations in certain markets – due also to the introduction of prohibitions on smoking – had to be reduced, and location optimizations needed to be carried out. Nonetheless, the NOVOMATIC Group managed to assert its position as a leading operator of electronic casinos in core markets such as Central and Eastern Europe (CEE) and in Southeastern Europe (SEE). In many countries, due to the in some instances very severe recession (e.g. in the Baltic region) and more complicated regulatory framework conditions (for example due to the introduction of prohibitions on smoking), there were decreases in turnover and profits. For the gaming operations affected, cost-reducing steps were taken in a timely manner and the crisis was used as an opportunity for location optimizations as well as for better market positioning. These steps were aimed at emerging stronger from the crisis compared to the overall market.

### **Austria**

Austrian Gaming Industries GmbH's Austrian gaming operations performed well in the difficult market environment as a result of the organic growth of the three locations. The turnover and earnings figures of Austrian Gaming Industries GmbH in this segment were kept constant compared to the previous year.

HTM Hotel und Tourismus Management GmbH had a total of 79 (2008: 76) branch locations in Vienna in the reporting period, of which 31 offered food services (six of these only featuring cafés). 18 outlets were managed as Admiral Sportwetten GmbH locations without food services (Admiral Sportwetten GmbH is a sister company of HTM Hotel and Tourismus Management GmbH) and in 31 additional (2008: 29) outlets, only gaming machines were operated. In all locations, gaming machines are operated under provincially regulated gaming.

Through the introduction of provincially regulated gaming in Lower Austria in 2006, the 2009 fiscal year was once again a year of expansion for Austrian Gaming Industries GmbH in Lower Austria.

With the “Admiral am Kurpark,” HTM Hotel and Tourismus Management GmbH also operates a four-star hotel in the spa town of Baden near Vienna.

Wett Café Betriebsgesellschaft m.b.H has 32 locations in Styria in which gaming machines are operated and sportsbetting offered within the scope of provincially regulated gaming.

Both HTM Hotel and Tourismus Management GmbH and Wett Café Betriebsgesellschaft m.b.H exhibited positive performance with a stable turnover and earnings situation.

### **Western Europe**

In the casinos of the German SIM Group, the effects of the Gaming Treaty, the nonsmoker protection provisions and the increasing competition from commercial gaming led to a slight drop in turnover in the 2009 fiscal year. Stable business performance is expected, however.

The performance of Extra Games Entertainment GmbH, which operates in commercial gaming and is headquartered in Pfullendorf, Baden-Württemberg, Germany continued to be positive. The number of electronic casinos rose again in the reporting period from 152 to 183 locations. The growth pace decreased, however, compared to previous years. In 2009, as well, a number of locations were expanded and modernized.

A considerable expansion step was taken in Italy. The Italian NOVOMATIC AG subsidiary Adria Gaming International SpA made several acquisitions in the reporting period. These involved the purchase of the sportsbetting provider Punto Italbet Srl as well as several other companies which operate gaming halls. In addition, new and stringent legal framework conditions offer excellent market opportunities for the operation of gaming machines: in the Italian market – with over 300,000 machines, the largest in Europe – the NOVOMATIC Group is now focusing on the operation and leasing of a new generation of machines manufactured by itself as well as a distribution model for centrally networked video lottery terminals (VLTs).

### **CEE**

In Latvia, the significant effects of the crisis aggravated the economic situation. The group companies, encompassing more than 120 gaming operations, had to accept significant drops in turnover. Towards the end of the year, however, conditions stabilized at a low level. Cost-cutting opportunities were identified and appropriate steps were taken in order to improve the result. The group companies Amugames, Favoritis and Barclajs were merged in order to make the structures more efficient and thus achieve a reduction in costs. Due to the departure of competitors, the market position was strengthened compared to the overall market.

In Estonia, the extremely difficult economic conditions continued to worsen during the 2009 fiscal year. Locations were closed and cost-cutting programs were implemented.

In Hungary, 13 electronic casinos are operated. The turnover of the gaming operations rose due to the opening of new locations and intensified marketing activities. With the newly opened gaming operations, however, initial losses had to be accepted. In order to be able to sustainably improve earnings, unprofitable locations were closed and cost-cutting programs were introduced.

The legal ban on gambling in Russia as of June 30, 2009 resulted in the loss of this market for the NOVOMATIC Group. Excepted from this prohibition are the lotteries segment and four special areas in which live games and gaming machines may continue to be operated. The four legally permitted special gaming areas are in the planning phase but have yet to be completed.

In Ukraine, gambling was completely prohibited by law unexpectedly in the spring of 2009, leading to the loss of the commercial basis for the NOVOMATIC Group's activity. The reason behind this prohibition was a fire which broke out in a competitor's gaming hall in which several people died.

In Belorussia, a limited increase in turnover and earnings was achieved. The number of locations rose to a total of six.

## **SEE**

In Croatia, the expansion course in the gaming operations segment was further continued, and the number of locations was increased again to 59. The effects of the economic crisis could be felt, however, leading to a drop in turnover and earnings compared to the previous year. The challenging environment was made more difficult by a ban on smoking. In order to counter this downward development, cost-cutting programs were introduced and have already been successfully implemented. The group's position as the market leader was consolidated via the optimization of locations.

In Slovenia, the new Hotel & Casino Resort Admiral in Kozina went into operation in December. In the immediate proximity to the borders with Italy and Croatia, Austrian Gaming Industries GmbH subsidiary Admiral d.o.o. opened a casino of 1,300 sqm with slot machines and three fully automatic roulette systems (170 gaming machines in total).

Additionally a modern hotel with 88 beds and a restaurant with a bar is available to guests.

In Romania, the group's market share was increased through acquisitions (T.I.M.A.X. Srl., Wettpunkt International Srl.) that had already been initiated prior to the outbreak of the economic crisis. The goal was to further expand the group's market position in this important market. Due to the difficult economic conditions, however, the revenues of both the already established and the newly acquired locations fell sharply. As a consequence of the economic crisis, important competitors left the market and a consolidation and shake-out of the market began. The construction of a new administration building with a service center, which was started in November 2008, progressed rapidly. It is scheduled to open in spring 2010.

In Bosnia, there was an increase in turnover and earnings during the reporting period.

In Albania, 2009 saw an increase in turnover. Due to concentration in a small number of locations and the necessary closure of some electronic casinos, however, this increase did not lead to improved profits.

The gaming market in Bulgaria was newly entered in May of the reporting period through the acquisition of the Villox Group, an existing operator of electronic casinos. Due to the materialization of the economic crisis and the initial losses, however, it was not possible to achieve a profit. The appropriate optimization steps have already been taken.

In Croatia, the number of the group's own gaming operations was expanded during the reporting period, resulting in turnover exceeding the previous year's level. Nonetheless, due to the newly opened and not yet established locations, earnings were less than during the previous year.

Macedonia, like most of the countries in Southeastern Europe, was not left unscathed by the economic crisis. The fiscal year was marked by initial losses due to market entry in the previous year. In order to guarantee lasting earnings, cost-optimizing steps were taken.

## **Rest of the World**

In Africa, the turnover and earnings position in gaming operations reached the level of the previous year.

Following the opening of the casino of the Monticello Grand Casino & Entertainment World in San Francisco de Mostazal back in October 2008, south of the Chilean capital Santiago de Chile, the opening of the entire complex including a five-star hotel,



conference centre and shopping and entertainment area took place in December 2009. Latin America's largest casino resort offers 1,500 gaming machines, 80 live game tables and facilities for 300 bingo players on an area covering 15,000 sqm. NOVOMATIC holds a 40% stake the company and manages it in partnership with internationally renowned and experienced operators in the gaming industry. During the reporting period, a noticeable increase in turnover was achieved although a profit could not yet be made due to start-up losses.

In Peru, the number of locations (13) remained unchanged during the reporting period. The company did see a slight increase in turnover and earnings, however.

### 3.3. Betting Operations

Austrian Gaming Industries GmbH subsidiary Admiral Sportwetten GmbH increased its number of branches (including partner branches) in 2009 from 182 to 195. Admiral Sportwetten GmbH managed to keep turnover stable and thus continue its successful performance despite the lack of a major sporting event. The main focus, in addition to its further expansion strategy was, as in the previous years on the structural revitalization and modernization of the media equipment of existing branches.

In Italy, the group's market position in the betting segment was expanded through the acquisition of a betting operator with eight of its own sports and horseracing betting offices. The company also runs betting corners in third-party facilities, as well as takes bets electronically (online).

## 4. Financial Performance Indicators

### 4.1. Consolidated Financial Statement

NOVOMATIC AG's consolidated financial statement is prepared according to the reporting and valuation principles of IFRS (International Financial Reporting Standards).

#### 4.1.1. Assets Position

Total assets rose compared to December 31, 2008 by EUR 139.0 million to EUR 1,515.4 million. On the asset side, this increase is primarily attributable to the increase in long-term assets to the tune of EUR 169.2 million to EUR 1,009.2 million. Investments concerned primarily gaming machines in the amount of EUR 153.3 million for the expansion of leasing business and business activity in commercial gaming in group locations, investments in properties and buildings amounting to EUR 110.3 million and in plant and equipment in the amount of EUR 45.6 million for the construction of the group's headquarters and further development of the sales markets. Deferred tax assets amounted to EUR 26.9 million in 2009, compared to EUR 24.9 million in 2008.

Short-term assets fell by a total of EUR 30.1 million to EUR 506.3 million. Cash in banks rose by EUR 21.9 million while receivables decreased by EUR 32.9 million due to the drops in turnover caused by the economic crisis, and short term financial assets fell by EUR 20.0 million.

Equity capital rose by EUR 14.6 million to EUR 639.6 million, of which EUR 31.5 million were minority interests. In addition, equity capital is made up of the registered capital of NOVOMATIC AG totalling EUR 26.0 million, the capital reserves of EUR 1.0 million, retained earnings of EUR 605.4 million as well as valuation reserves per IAS 39 totalling EUR -1.4 million and the currency conversion adjustment item equal to EUR -22.9 million. The proportion of equity capital to total capital is now 42.2 percent compared to 45.4 percent in the previous year. The return on equity is 9.2 percent compared to 38.9 percent in 2008.

Long-term liabilities rose in the past fiscal year by EUR 36.6 million to EUR 412.9 million. The most significant changes come from the increase in long-term financial liabilities by EUR 30.3 million to finance the construction of the group's headquarters and the rise in deferred tax liabilities totalling EUR 10.3 million.

Short-term liabilities rose in the past fiscal year by EUR 87.9 million to EUR 463.0 million. The most significant changes come from the increase in short-term liabilities to banks by EUR 135.8 million to finance the business activities in Chile and Italy,

the increase in short-term provisions by EUR 10.3 million as well as from the decrease in tax liabilities by EUR 27.4 million and deferred income by EUR 13.2 million.

The return on assets totals 4.9% compared to 18.8 percent in 2008. Working capital fell from EUR 161.3 million to EUR 43.3 million in the past fiscal year.

#### **4.1.2. Financial Position**

Across the group, cash flow from operating activities was EUR 380.9 million in 2009 (2008: EUR 393.9 million).

Cash flow from investment activity was EUR -422.9 million in 2009 and was used, as already mentioned, for the most part to advance the expansion in selected markets and for the construction of the group's headquarters.

Cash flow from financing activity was EUR 73.6 million in 2009, mainly due to the taking out of bank loans to finance the construction of the group's headquarters and the expansion of business activities in Chile and Italy. As such, cash and cash equivalents went up compared to the previous year by EUR 23.4 million to EUR 215.8 million.

#### **4.1.3. Earnings Position**

In the 2009 fiscal year, group turnover fell by around EUR 41.7 million to EUR 1,223.3 million due to the global economic crisis.

In the past fiscal year, capitalized services reached a value of EUR 136.7 million compared to EUR 202.9 million in the previous year. The effects of the economic crisis are also reflected in the drop of EUR 66.2 million.

Expenses for material and purchased services decreased, as a result of the significant decrease in earnings from production and the smaller number of gaming devices produced for group use, by EUR 70.2 million to EUR 416.3 million. The group's personnel expenses were EUR 232.7 million in 2009 and thus 19.0 percent of earnings (16.8 percent in the previous year). Other operating expenses rose by EUR 36.3 million to EUR 386.3 million.

The most significant increases were for taxes, insofar as these do not fall under income tax, for rental, leasing and operating costs due to the expansion of business activity as well as for other expenses arising out of a need for a greater valuation allowance due to the worsened economic conditions in our most important markets.

Depreciations went up across the group, due to the heavy investment activity and unscheduled depreciations used to make allowance for the strained economic situation in certain countries, by EUR 71.1 million to EUR 213.5 million.

EBIT thus fell by EUR 160.1 million to EUR 185.5 million.

The financial result registered a value of -EUR 18.1 million in 2009, compared to EUR -4.9 million in 2008.

Earnings before taxes (EBT) went down by EUR 173.2 million compared with the previous year. Earnings after taxes of 66.1 million yielded an annual surplus from ongoing operations in the amount of EUR 101.5 million (2008: EUR 236.9 million). Earnings from discontinued operations in Russia and an American group of companies amounted to EUR -42.6 million. This yielded an annual surplus of EUR 58.9 million, of which minority interests accounted for EUR 6.2 million (compared to EUR 6.9 million in the previous year). The net profit ratio reached a value of 4.8 percent in 2009, compared to 19.2 percent in 2008.

#### **4.2. Individual Financial Statement**

The annual financial statement (individual financial statement) of NOVOMATIC AG is 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.

#### 4.2.1. Assets Position

Total assets rose compared to December 31, 2008 by EUR 141.2 million to EUR 723.8 million. On the asset side, this increase is primarily attributable to the increase in fixed assets to the tune of EUR 172.6 million to EUR 567.5 million. In terms of fixed assets, investments concern primarily the construction and fittings of the group's headquarters as well as the increase in participation in affiliated companies and loans to affiliated companies.

Compared to the previous year, current assets registered a decrease of EUR 31.3 million to EUR 154.1 million with receivables from affiliated companies decreasing by EUR 18.5 million and other receivables and financial assets decreasing by EUR 13.2 million. Accrued items showed almost no change compared to the previous year. The registered capital of the company is EUR 26.0 million. Including the capital reserves of EUR 1.0 million, retained earnings of EUR 1.6 million, net profit of EUR 151.0 million and untaxed reserves of EUR 0.2 million, the company's capital resources thus fell to EUR 179.8 million. The proportion of equity capital to total capital is now 24.8 percent compared to 33.3 percent in the previous year.

Outside capital increased in the past fiscal year by EUR 153.7 million to EUR 542.2 million. The most significant changes involve the increase in provisions by EUR 3.4 million to EUR 9.6 million, the increase in liabilities to banks by EUR 170.2 million to EUR 372.5 million due to the taking out of loans to finance the construction of the group's headquarters and the expansion of business activities in Chile and Italy, and the decrease in payables by EUR 6.9 million to EUR 4.4 million and the decrease in other liabilities by EUR 13.9 million to EUR 4.2 million. Deferred income increased in the 2009 fiscal year to EUR 1.8 million.

#### 4.2.2. Earnings Position

NOVOMATIC AG achieved a turnover of EUR 34.5 million in the past fiscal year compared to EUR 34.3 million in 2008. The main sources of turnover were earnings from property rentals, management fees, license revenues and earnings from staffing.

Personnel expenses of EUR 3.7 million increased compared to the previous year by EUR 0.4 million. Other operating expenses rose by EUR 2.1 million, with expenses for paid development services, monetary transaction fees and currency differences showing a sharp increase.

Earnings before interest, taxes, depreciations and amortizations went down by EUR 2.0 million to EUR 12.3 million.

Depreciations increased by EUR 3.5 million to EUR 12.5 million due to the intensified investment activity.

The financial result decreased by 47.9 million to 25.0 million due to lower earnings from participations, value adjustments in participation valuation due to persistently poor market conditions in Estonia as well as proceeds from the sale of associated companies.

Earnings before taxes (EBT) thus fell by EUR 53.6 million to EUR 24.7 million.

After income taxes of EUR 1.0 million, taking into account group taxation, there was a surplus of EUR 25.7 million for the year.

## 5. Significant Events after the Financial Statement Date

### 5.1. General

NOVOMATIC took advantage of the favourable capital market environment at the end of 2009/beginning of 2010 in order to issue a domestic bond with a total amount of EUR 200 million. The bond was in especially high demand by private investors. The proceeds from the sale of the bond will be used primarily to optimize the NOVOMATIC's financing structure with the goal of acquiring free lines of credit for future investments and acquisitions and secondarily, they will be used directly for these investments and acquisitions.

In January, Astra Games Ltd., which is part of Austrian Gaming Industries GmbH, acquired a majority interest in the Austrian online game developer Greentube. The company, now doing business as Greentube I.E.S. GmbH, specializes in the development of online gaming solutions and has acquired an outstanding reputation in the area of browser-based games of skill. Based on B2B business models, Greentube supplies more than 30 partner websites with game technology. Astra's takeover of the majority interest in Greentube is a strategically significant, expansionary step towards diversification in new media.

## **5.2. Sales and Leasing**

As a consequence of the international economic crisis, there is a continuing reluctance to invest in international casinos. It is therefore not expected that sales revenues which have recently been down will quickly and sustainably recover in 2010, either. Some positive signals were observed, however, indicate increased willingness to invest on the part of international customers.

At the most important gaming exhibition in Europe, the 2010 "International Gaming Exhibition" (IGE) in London, NOVOMATIC subsidiary Austrian Gaming Industries GmbH once again presented many new products in late January of this year. In addition to the new NOVOSTAR® SL cabinet series and many new games, the new INDIGO® platform was presented. Its server-based video lottery solution affords the operator all the advantages of server-based gaming while ensuring optimal operating security. INDIGO® VLT enables the operator to configure its own combinations of games at several locations via a central server and thus to cater to the individual preferences of guests. Furthermore, INDIGO® VLT also permits a direct connection to the authorities.

The 2010 participation of the two German subsidiaries NSM-LÖWEN and Crown Technologies in the most important German trade exhibition, IMA, was also promising.

## **5.3. Gaming Operations**

As a result of the severe earthquake in Chile on February 27, 2010, the Monticello Grand Casino & Entertainment World had to be evacuated. There were more than 1,000 people present at the time of the quake, of whom luckily only five were injured. Following assessment of the damages, gaming was shut down until further notice. Preparations for reopening have already been made so that operations can be restarted as soon as possible.

For 2010, as well, it is expected that gaming behaviour will remain negatively affected by the economic crisis. Various steps (enhanced service offering, anti-cyclical investments in the expansion of gaming operations, cost-cutting programs, location optimizations and installation of the latest gaming equipment) will therefore be introduced in order to best adapt the group companies in the markets especially affected by the crisis to the new conditions. Overall, this will curtail expansion somewhat.

## **6. Research & Development**

As an international trendsetter and innovator, NOVOMATIC AG has for years consistently invested amounts far beyond the industry average in research & development through its manufacturing subsidiary Austrian Gaming Industries GmbH. The lead in design and development of innovative gaming equipment achieved in the corporate group's eight internationally operating and interconnected competence centres should also be secured and further extended in the coming years. This also applies to the now more than 1,000 intellectual property rights such as brands, patents and designs.

Besides attractive new games and new multiplayer generations of card and dice games (baccarat, blackjack, sic bo, poker, etc.), the topic of networking is continuing to gain importance. This covers networked video lottery and video network terminals with the possibility of a direct connection to the regulatory authorities.

The trend towards server-based gaming is thus continuing in the industry. Through central servers, the product mix can be optimized more and more often during ongoing operation – such as by adapting the games offered to player demand. Networking is used first and foremost for player security and protection against manipulation as well as for increased transparency vis-à-vis regulatory and tax authorities.

In addition, Austrian Gaming Industries GmbH is also actively working on developing new technologies in the field of remote gaming in order to further develop its new third branch of business – as a content provider for licensed third-party providers on the Internet. In charge of this is the British subsidiary Astra Games Ltd. which, with its own remote gaming platform „Novo Remote Gaming System,“ has already formed promising partnerships and provides both its own game content and games by Austrian Gaming Industries GmbH for NRGS.

## 7. Risks

### 7.1. Economic Risks

Globally, the financial crisis (which is rooted in the American subprime crisis) led to a considerable economic slump in 2008, which resulted in a still-ongoing worldwide economic crisis. NOVOMATIC is exposed to the risk of further aggravation of the effects of this crisis including declining economic growth, rising unemployment rates and decreasing disposable income.

### 7.2. Legislative Risks

Legislative risks can arise out of dependence on and changes in laws, directives and regulations, especially in the area of licensing for the operation of gaming institutions and in the areas of production, distribution and product licenses. Additionally, there are risks in the area of product liability, consumer protection and non-smoker protection as well as due to the tightening of international money laundering prevention.

### 7.3. Change in Customer Behaviour

Due to diverse recreation and entertainment offerings, customer behaviour is constantly changing. Thus, product adaptations and constant new innovations are necessary to assert the company's market position in the target markets. It cannot be ruled out that customer or consumer wishes may be recognized either not at all or not in a timely fashion.

### 7.4. Technological Change Risk

NOVOMATIC AG's operates in a highly technology-dependent market in which new technologies are developed or used with 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.

### 7.5. Operating Risks

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

## 8. Financial Instruments

NOVOMATIC AG has an internationally diversified investor base. Its relationships with international banks and financial service providers are constantly being expanded. In addition to traditional loan financing, capital-market based external financing is becoming more important due to the increasing financing volumes.

Besides bilateral credit lines with banks, financial instruments also include syndicated credit facilities (so-called club loans), an Austrian domestic bond and a bonded loan.

Current liabilities are paid for out of the cash flow. Furthermore, syndicated loans can be utilized on a revolving basis and serve as a liquidity backstop facility.

In the context of its external financing activities, NOVOMATIC AG is exposed to interest rate risk and to currency risk as part of its general business activity. A change in interest rates or exchange rates can have a positive or negative impact on the value of financial instruments (price change risk), as well as on the resulting interest income/loss (cash flow risk).

In order to limit interest rate risks, 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 which are carried out in foreign currency. If necessary, these transactions are hedged in order to minimize the risk of exchange losses.

At NOVOMATIC, interests in affiliated companies and receivables and liabilities vis-à-vis affiliated companies represent significant financial instruments. In order to monitor the price change or default risk, the Board keeps abreast of the relevant developments in these companies through regular group controlling reports. The Board is apprised of the ongoing trend in earnings through regular group reports. The ongoing earnings trend is compared each month to the approved annual budget and checked for deviations. The price change or default risk is therefore considered to be low.

Receivables are another default risk at NOVOMATIC. In order to minimize the risk associated with receivables, compliance with payment due dates extended to customers is continuously monitored. If payment due dates are not met, the management of the respective group company is informed immediately and proceeds to initiate appropriate collection measures. In addition, some customers' default risks are also secured with bank bonds.

The considerable cash holdings resulting from business are protected from misappropriation via internal controlling measures.

## 9. Risk Management and Internal Control System

The goal of corporate risk management is the improvement of risk awareness on the one hand and the protection of earnings and recognition of future growth potential on the other. Risk in this sense covers both the possibility of a loss and the failure to take advantage of an opportunity. NOVOMATIC AG's corporate risk management is based on the COSO framework "Enterprise Risk Management – Integrated Framework" and its target categories and components.

The five components of the COSO framework with regard to the reporting process are:

- **Control Environment:** The area of group controlling and group accounting as a business competence centre defines the cross-group standards for all controlling and accounting matters and governs the procedures and dates for the budget and financial statement process.
- **Risk Assessment:** In the course of active risk management, all significant risks are identified by the group audit in cooperation with the defined "risk-owners," assessed, given priorities and subjected to analysis with regard to their potential effects. The results of the evaluation are presented at least twice a year to the Board. Appropriate steps are taken based on these.
- **Control Activities:** The internal control system is an essential component of risk prevention. Segregation of duties, the "two-man rule," and stipulation of reservation limits, as well as the documentation of procedures and decisions, are the most important items. The controls are recorded in the form of a risk control matrix and verified by the group auditing department on an ongoing basis.
- **Information and Communication:** The Board keeps abreast of the relevant developments in the companies through regular group controlling reports. The ongoing earnings trend is compared each month to the approved annual budget and checked for deviations. At the individual company level, as a group standard, NAVISION by Microsoft is increasingly used as a book-keeping and cost accounting system. Moreover, Proalpha in Austria and SAP in Germany are in use as ERP systems. CONSYS by IDL and PP Finance by Winterheller are in use as consolidation, planning and reporting tools.
- **Monitoring:** Monitoring of compliance with ongoing accounting processes, with the exception of the annual financial statement preparations, is done by the group's auditing department, which reports directly to the board. Monitoring of group consolidation, on the other hand is handled, by the consolidation centre.

During the 2009 fiscal year, the group transactions requiring approval were re-analyzed and standardized as part of a group guideline.

## 10. Non-financial Performance Indicators

### Employee Issues

As of December 31, 2009 there were 9,911 employees working for NOVOMATIC Group and 26 salaried staff members at NOVOMATIC AG. The process of moderate growth was thus continued despite trying economic conditions.

The employee structure of the NOVOMATIC Group in Austria is characterized by its even age distribution, a high proportion of women and a large number of employees of differing nationalities.

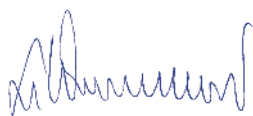
Low employee turnover, long-term employment relationships and rapid new filling of relevant positions confirm the position of NOVOMATIC Group as an attractive employer. Careful recruiting and targeted personnel and management development will continue to ensure the high quality standard of our employees in the future, as well.

## 10. Acknowledgements

Special thanks are extended to all employees of NOVOMATIC AG and its subsidiaries, without whom the renewed successes in these trying economic times would not have been possible. We are especially indebted to the owner, Prof. Johann F Graf, as well as the advisory board, chaired by Senator Herbert Lugmayr. They have contributed significantly to the positive trend of NOVOMATIC AG and thus once again created the basis for a successful future. We would also like to thankfully call attention to our positive relationship with our capital providers and business partners, which has led to a prosperous and always enjoyable collaboration.

Especially in an industry which changes so quickly and is always characterized by new customer requirements, special degrees of effort and cooperation based on mutual trust between 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, 21 April 2010  
NOVOMATIC AG



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO

# Consolidated balance sheet

as of 12/31/2009

ASSETS	Notes	12/31/2009 (KEUR)	12/31/2008 (KEUR)
<b>Non-current assets</b>			
Intangible assets	(1)	135,257	77,367
Property, plant and equipment	(2)	679,880	650,497
Investment property	(3)	26,376	474
Investments in associated companies	(4)	86,865	39,718
Non-current financial assets	(5)	11,733	14,092
Deferred tax assets	(6)	26,940	24,857
Other non-current assets	(7)	42,128	33,028
		<b>1,009,179</b>	840,033
<b>Current assets</b>			
Inventories	(8)	136,661	138,690
Trade and other receivables	(9)	133,025	174,712
Current tax receivables	(6)	15,622	5,429
Current financial assets	(10)	5,129	25,136
Cash and cash equivalents	(11)	215,838	192,415
		<b>506,275</b>	536,382
<b>Total ASSETS</b>		<b>1,515,454</b>	1,376,415
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital	(12)	26,000	26,000
Capital reserves	(13)	976	976
Retained earnings	(14)	605,385	580,877
Revaluation reserve acc. IAS 39	(15)	-1,362	-2,425
Currency translation adjustment	(16)	-22,900	-18,314
		<b>608,099</b>	587,114
Minority interest	(17)	31,523	37,864
		<b>639,622</b>	624,978
<b>Non-current liabilities</b>			
Long term financial liabilities	(18)	353,265	324,343
Long term provisions	(19)	21,923	21,318
Deferred tax liabilities	(6)	24,459	14,188
Other non-current liabilities	(20)	13,212	16,483
		<b>412,859</b>	376,332
<b>Current liabilities</b>			
Short term financial liabilities	(21)	215,939	78,451
Short term provisions	(22)	50,809	40,518
Current tax liabilities	(6)	51,162	78,536
Trade and other liabilities	(23)	145,063	177,600
		<b>462,973</b>	375,105
<b>Total LIABILITIES AND EQUITY</b>		<b>1,515,454</b>	1,376,415



# Consolidated income statement

for the financial year 2009

	Notes	01-12/2009 (KEUR)	01-12/2008 (KEUR)
<b>Sales</b>	(24)	<b>1,223,321</b>	1,264,976
Changes in inventories of finished goods and work in progress	(25)	26,420	41,532
Own work capitalized	(25)	136,680	202,910
Other operating income	(26)	48,113	28,287
Cost of material and other purchased services	(27)	-416,340	-486,551
Personnel cost	(28)	-232,685	-212,921
Amortisation of intangible and depreciation of tangible assets	(29)	-213,470	-142,378
Other operating expenses	(30)	-386,272	-349,987
<b>Operating profit</b>		<b>185,767</b>	345,868
Share of the profit/loss of associated companies	(31)	734	-6,007
Financial income	(32)	10,508	22,619
Financial expenses	(33)	-29,316	-21,551
<b>Financial result</b>		<b>-18,073</b>	-4,939
<b>Profit before taxes</b>		<b>167,694</b>	340,929
Income taxes	(34)	-66,148	-104,028
<b>Profit from continuing operations</b>		<b>101,546</b>	236,901
<b>Profit/Loss from discontinued operations</b>	(35)	<b>-42,623</b>	5,957
<b>Profit after taxes</b>		<b>58,923</b>	242,858
Thereof attributable to minority interests		-6,209	6,871
<b>Thereof attributable to equity holders of the parent (net profit for the year)</b>		<b>65,132</b>	235,987

# Statement of comprehensive income

for the financial year 2009

	01-12/2009 (KEUR)	01-12/2008 (KEUR)
<b>Profit after taxes</b>	<b>58,923</b>	242,858
Exchange differences on foreign operations	-4,302	-15,276
Gain/Loss arising on revaluation of assets held for sale	1,063	-3,100
<b>Other comprehensive income for the year, net of tax</b>	<b>-3,239</b>	-18,376
<b>Total comprehensive income for the year</b>	<b>55,684</b>	224,482
<b>Thereof attributable to minority interests</b>	<b>-5,925</b>	6,100
<b>Thereof attributable to equity holders of the parent</b>	<b>61,609</b>	218,382

# Consolidated cash-flow statement

	01 – 12/2009 (KEUR)	01 – 12/2008 (KEUR)
<b>Operating profit and profit/loss from discontinued operations</b>	<b>143,021</b>	352,974
Income/Loss from the disposal of fixed assets	-551	-563
Depreciation/Appreciation of fixed assets	225,829	139,695
Differences due to consolidation	0	288
Recognized capital consolidation	-1,290	-182
Interest received	10,326	19,042
Change in inventories, trade receivables and other assets	141,325	-109,200
Change in provisions, trade liabilities and other liabilities	-42,452	61,463
Taxes paid	-95,304	-69,606
<b>Cash flow from operating activities</b>	<b>380,904</b>	393,911
Proceeds from the disposal of fixed assets (excluding financial assets)	12,662	20,092
Proceeds from financial assets and other financial investments	14,280	1,435
Proceeds from the sale of consolidated companies	14,304	486
Expenditures for additions to fixed assets (excluding financial assets)	-337,672	-402,483
Expenditures for additions to financial assets and other financial investments	-80,943	-40,491
Expenditures for acquisition of companies	-46,270	-21,399
Net proceeds from associated companies and investments	754	1,443
<b>Cash flow from investing activities</b>	<b>-422,885</b>	-440,917
Dividend payments	-66,320	-33,631
Payments received from other shareholders	4,086	2,132
Expenditures for bank loans and financial liabilities	154,707	133,490
Interest paid	-18,918	-19,360
<b>Cash flow from financing activities</b>	<b>73,555</b>	82,631
<b>Change in cash and cash equivalents affecting payment</b>	<b>31,574</b>	35,625
Translation adjustments	-8,188	-14,916
Changes in cash and cash equivalents due to changes in scope of consolidation	37	4,814
<b>Change in cash and cash equivalents</b>	<b>23,423</b>	25,523
Cash and cash equivalents at the beginning of the year	192,415	166,892
Cash and cash equivalents at the end of the year	215,838	192,415
<b>Change in cash and cash equivalents</b>	<b>23,423</b>	25,523

# Statement of changes in equity

All values in KEUR	Shares of the equity holders of NOVOMATIC AG					Total	Minority interests	Equity
	Share capital	Capital reserve	Retained earnings	Reserves acc. IAS 39	Currency translation adjustment			
<b>Balance on 01/01/2009</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>
1) Comprehensive income for the period			65,132	1,063	-4,586	61,609	-5,925	55,684
2) Dividend payments			-40,000			-40,000	-15,970	-55,970
3) Change in minority interests			-1,793			-1,793	15,554	13,761
4) Changes in scope of consolidation			1,169			1,169		1,169
<b>Balance on 12/31/2009</b>	<b>26,000</b>	<b>976</b>	<b>605,385</b>	<b>-1,362</b>	<b>-22,900</b>	<b>608,099</b>	<b>31,523</b>	<b>639,622</b>

All values in KEUR	Shares of the equity holders of NOVOMATIC AG					Total	Minority interests	Equity
	Share capital	Capital reserve	Retained earnings	Reserves acc. IAS 39	Currency translation adjustment			
<b>Balance on 01/01/2008</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>
1) Comprehensive income for the period			235,987	-3,100	-14,505	218,382	6,100	224,482
2) Dividend payments			-30,000			-30,000	-3,631	-33,631
3) Change in minority interests			-1,574			-1,574	2,553	979
4) 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>

# Consolidated financial statement

As of December 31, 2009

Notes

## Basis of Preparation and Methods

### Information about the company

The NOVOMATIC Group consists of NOVOMATIC AG and its subsidiaries. NOVOMATIC AG is a public limited company according to 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 at 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 gambling corporations in the world. The organisations united in the holding company operate within the spectrum of the gambling and entertainment industry described below.

Its field of activity and range of services comprise:

- Development, production and sale of gambling machines as well as casino equipment
- Planning, construction and management of casinos
- Operation of electronic amusement machine casinos, live game casinos, bingo parlors, 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, 2009 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as with 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 2009 were prepared as of the balance sheet date of the consolidated financial statements.

The consolidated financial statement is done in EUR. For the purpose of clarity, all items in the consolidated financial statement are shown in thousands of euros (KEUR). Due to the financial rounding of values and percentages, insignificant differences can occur.

## Application of new and amended accounting standards and interpretations

First adoption of new and revised standards and interpretations in financial year 2009:

- Due to the revised IAS 1 "Presentation of financial statements," new terminologies for the financial statements and additions to the components of the financial statements were introduced. The statement of comprehensive income is shown as two statements: the income statement (items affecting income) and a reconciliation with the statement of comprehensive income (items reflected in equity).
- The new IFRS 8 "Operating Segments" replaces IAS 14 and adopts the Management-Approach for segment reporting. The segments identified by the group under IAS 14 corresponded to the internal reporting structure. Therefore, no adjustments of the segment reporting were necessary.

- The revised IFRS 7 “Financial Instruments: Disclosures” expands the disclosures required for fair value measurements and liquidity risks that were shown under the financial instruments.
- Further amendments and interpretations had no substantial effects on the consolidated financial statements as of December 31, 2009.

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

Amendment of IAS 24 “Related Party Disclosures”	Applies to business years beginning on or after January 1, 2011; not yet adopted by EU legislation.
Amendment of IAS 27 “Consolidated and Separate Financial Statements”	Applies to business years beginning on or after July 1, 2009.
Amendment of IAS 32 “Financial Instruments: Presentation – Classification of rights issues”	Applies to business years beginning on or after January 1, 2010. .
Amendment of IAS 39 “Financial Instruments: Recognition and Measurement” concerning eligible hedged items	Applies to business years beginning on or after July 1, 2009. .
Amendment of a set of IFRS as result of the yearly improvement project 2009	Applies to business years basically beginning on or after January 1, 2010.
Revision of IFRS 1 “First-time Adoption of IFRS”	Applies to business years beginning on or after July 1, 2010..
Amendment of IFRS 1 “First-time Adoption 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”	Apply to business years beginning on or after July 1, 2009.
Amendment of IFRS 2 “Share-based Payment Concerning Cash Settlements in a group”	Applies to business years beginning on or after January 1, 2010.
Amendment of IFRS 3 “Business Combinations”	Applies to business years beginning on or after July 1, 2009.
Amendment of IFRS 9 “Financial Instruments”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
IFRIC 12 “Service Concession Arrangements”	Applies to business years beginning on or after March 30, 2009
Amendment of IFRIC 14 “The Limitation of Defined Benefit Assets, Minimum Funding Requirements”	Applies to business years beginning on or after January 1, 2011; not yet adopted by EU legislation.
IFRIC 15 “Agreements for the Construction of Real Estate”	Applies to business years beginning on or after January 1, 2010.
IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”	Applies to business years beginning on or after July 1, 2009.
IFRIC 17 “Distributions of Non-cash Assets to Owners”	Applies to business years beginning on or after November 1, 2009.
IFRIC 18 “Transfers of Assets from Customers”	Applies to business years beginning on or after November 1, 2009.
IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”	Applies to business years beginning on or after January 1, 2010; not yet adopted by EU legislation.

The new regulations of the revised IFRS 3 and IAS 27 concern especially acquisition accounting and the valuation of minority interests. The effects depend on the structure of future business combinations. The NOVOMATIC Group does not expect any significant impact resulting from the first-time application of the new 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 encompass 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. 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 to be controlled by NOVOMATIC AG.

During 2009, the group acquired or founded the following subsidiaries:

- NMN Automatentechnik GmbH, Austria (100%)
- Amugames SIA, Latvia (60%)
- Favorits SIA, Latvia (60%)
- SC TIMAX S.R.L., Romania (100%)
- MA Gaming d.o.o.e.l., Macedonia (100%)
- RSA Gaming d.o.o., Bosnia and Herzegovina (80%)
- AS Play-In Casino Group, Estonia (100%)
- SC Wettpunkt International S.R.L., Romania (100%)
- Octavian Global Technologies Inc. – Group, USA (50.61%)
- Admiral Bet Italia S.R.L., Italy (80%)
- Villox Group EOOD, Bulgaria (100%)
- Bonaco EOOD, Bulgaria (100%)
- Bulten EOOD, Bulgaria (100%)
- Sofiten EOOD, Bulgaria (100%)
- Giochi San Marino S.p.a., San Marino (74.43%)
- MNA Gaming d.o.o., Montenegro (100%)
- SC Binder Invest S.R.L., Romania (100%)
- Albaten Sh.p.k., Albania (100%)
- Admiral Pariuri Sportive S.R.L., Romania (99.99%)
- Adria Gaming Firenze S.R.L., Italy (80%)
- Adria Gaming Milano S.R.L., Italy (100%)

The following subsidiaries changed from non-consolidated to fully consolidated subsidiaries for the first time as of January 1, 2009:

- Inmar S.L., Spain (100%)
- Adria Gaming Services S.r.l., Italy (100%)
- NOVO RS d.o.o., Bosnia and Herzegovina (100%)
- AGI Argentina Limitada S.r.l., Argentina (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 exhibits the following development:

Consolidation scope	Fully consolidated	At equity valuation
Balance on 12/31/2008	85	10
First-time inclusion in 2009	23	0
Released in 2009	-3	-1
Merged in 2009	-3	0
Switched from equity valuation to consolidation in 2009	2	-2
Balance on 12/31/2009	104	7
Thereof foreign companies	89	5

For certain subsidiaries Sec. 265 para. 3 Austrian Company Code applies.

Fully consolidated companies

IC-Code	Company, Domicile	Superordinate company	Direct share	Indirect share	Equity (KEUR)	Profit for the year (KEUR)
ADMICS	Admira d.o.o., Serbia	NOVOCS	100.00%	100.00%	1,962	-275
PUNTIT	Admiral Bet Italia s.r.l. (Punto Italtbet s.r.l.), Italy	ADRIT	80.00%	80.00%	541	-3,022
ADGAES	Admiral Gaming Andalusia S.A., Spain	NOGES	94.00%	94.00%	1,487	-529
AICHR	Admiral International Casinos d.o.o., Croatia	NOGHR	100.00%	100.00%	643	-2,509
AISSIT	Admiral Italia Scommesse Sportive s.r.l., Italy	ALLIT	100.00%	100.00%	2,985	-536
AKMSI	Admiral d.o.o., Slovenia	NOVSI	100.00%	100.00%	163	-172
APPRO	Admiral Pariuri Sportive Srl., Romania	ASW	99.99%	99.99%	150	-87
ADSLES	Admiral Slots S.A., Spain	NOGES	96.92%	96.92%	3,844	-1,326
ASBUK	Admiral Sports Betting Ltd., UK	ASW	100.00%	100.00%	-1,672	198
ASW	Admiral Sportwetten GmbH, Austria	AGI	100.00%	100.00%	4,682	499
ADMILV	Admiralu Klubs SA, Latvia	AGI	60.00%	60.00%	8,933	-3,328
ADRIT	Adria Gaming International S.p.A., Italy	NAG	100.00%	100.00%	28,391	-1,124
AGFIT	Adria Gaming Firenze S.r.l., Italy	ADRIT	80.00%	80.00%	3,346	110
AGMIT	Adria Gaming Milano S.r.l., Italy	ADRIT	100.00%	100.00%	-7	-117
AGSIT	Adria Gaming Services S.r.l., Italy	ADRIT	100.00%	100.00%	2,572	-1,428
ADRIAL	Adriatik Game Sh.A., Albania	EAGAL	100.00%	100.00%	1,695	195
AAGHU	AGI American Games Kft., Hungary	AGIHU	100.00%	100.00%	1,117	249
AGIAR	AGI Argentina Limitada S.r.l., Argentina	AGI / HTM	90.00%/10.00%	90.00%/10.00%	1,752	-87
SENHU	AGI European Games Kft., Hungary	WEC	100.00%	100.00%	210	-467
AGIHU	AGI Hungaria Kft., Hungary	AGI	100.00%	100.00%	24,013	683
AKOCS	AKO-LEK d.o.o., Serbia	NOVOCS	100.00%	100.00%	-19	-3
ALBAL	Albaton Sh.p.k., Albania	NAG	100.00%	100.00%	674	0
ALFLV	Alfor SIA, Latvia	AGI	60.00%	60.00%	22,973	-6,088
ALGAST	Algast Gastronomie GmbH, Austria	AGI	100.00%	100.00%	701	-105
ALLIT	Allstar Italiana S.r.l., Italy	ADRIT	100.00%	100.00%	7,806	-887
ALSGRU	ALS Group OOO, Russia	AGI	60.00%	60.00%	82	-50
ALSRU	ALS OOO, Russia	ALSGRU	60.00%	100.00%	1	0
NEE	AS Novoloto, Estonia	NAG	100.00%	100.00%	-75	-7,509
PLAYEE	AS Play-In Casino Group, Estonia	NOVOEE	100.00%	100.00%	-348	-3,585
ASTUK	Astra Games Ltd., UK	AGI	90.00%	90.00%	7,636	1,224
AGI	Austrian Gaming Industries GmbH, Austria	NAG	100.00%	100.00%	575,145	160,190
AUTEC	Autec AutomatenbetriebsgmbH, Austria	AGI	90.00%	90.00%	1,296	91
BARKLV	Barclajs Speles SIA, Latvia	AGI	60.00%	60.00%	12,351	-3,086
BINRO	Binder Invest Srl., Romania	INTRO	99.74%	100.00%	2,662	-14
BONABG	Bonaco EOOD, Bulgaria	NOVOBG	100.00%	100.00%	495	-97
BULTBG	Bulten EOOD, Bulgaria	NOVOBG	100.00%	100.00%	1,008	-10
MATAHR	Captura d.o.o., Croatia	NOGHR	100.00%	100.00%	371	-350
CROPE	Crown Gaming S.A.C., Peru	NOVOPE	60.00%	60.00%	11,188	2,605
CRODE	Crown Technologies GmbH, Germany	AGI	93.00%	93.00%	N/A	N/A
EAGAL	Eagle Investment Sh.A, Albania	AGI	100.00%	100.00%	10,297	-347
ERBAHR	Erba d.o.o., Croatia	NOGHR	100.00%	100.00%	88	-452
EXTDE	Extra Games Entertainment GmbH, Germany	NSMLDE	90.00%	90.00%	21,163	73
GAM	G.A.M.E. SYS Geldspiel-Automaten-Miet-Elektronik-System GmbH, Austria	AGI	100.00%	100.00%	1,968	373
GUB	Gastronomie- u. Unterhaltungselektronik Betriebs GmbH, Austria	HTM	100.00%	100.00%	2,793	340
GSM	Giocchi San Marino S.p.a., San Marino	AGI	74.43%	74.43%	8,355	-2,951
GOLDIT	Golden Games S.r.l., Italy	ADRIT	60.00%	60.00%	108	-370
HIRDE	Hirscher Moneysystems GmbH, Germany	CRODE	74.40%	80.00%	2,123	399
HRG	HRG Formenbau + Kunststofftechnik GmbH, Austria	AGI	80.00%	80.00%	757	-195
HTSI	HT Management d.o.o., Slovenia	NOVOSI	100.00%	100.00%	1,408	-1,117
HTLBA	HTL d.o.o. Sarajevo, Bosnia and Herzegovina	AGI	100.00%	100.00%	4,032	188
HTLIUA	HTL Invest LCC, Ukraine	HTLIUA	100.00%	100.00%	136	-8
HTLMK	HTL Macedonia DOOEL, Macedonia	AGI	100.00%	100.00%	1,334	-106
HTLME	HTL Montenegro d.o.o., Montenegro	AGI	100.00%	100.00%	1,887	-352
HTM	HTM Hotel- u. Tourismus Management GmbH, Austria	NAG	100.00%	100.00%	52,180	17,608
IGROUA	Igrotech-Import OOO, Ukraine	AZARLT	80.00%	100.00%	-1,763	-1,959
INMAES	Inmar S.L., Spain	ADSLES	96.92%	100.00%	-35	-99
IMRAPE	Inmobiliaria Rapid S.A.C., Peru	CROPE	60.00%	100.00%	2,847	619
SCHAAF	J.u.C. SchAAF Spielautomatenbetriebsges.m.b.H., Austria	GAM	100.00%	100.00%	939	114
MAGMK	MA Gaming d.o.o.e.l., Macedonia	AGI	100.00%	100.00%	2,325	-529
MASTMK	Masterbet DOOEL, Macedonia	AGI	100.00%	100.00%	3,680	-585
MNAME	MNA Gaming d.o.o., Montenegro	HTLME	100.00%	100.00%	63	-37
NATRU	National Lotteries OOO, Russia	AGI	55.00%	55.00%	-232	-262
NMN	NMN Automatentechnik GmbH, Austria	NAG	100.00%	100.00%	6,080	176
NOVOLT	Novogaming Vilnius UAB, Lithuania	AGI	100.00%	100.00%	3,943	-3,928
NOVSI	NOVO AS d.o.o., Slovenia	AGI	100.00%	100.00%	-99	-56



IC-Code	Company, Domicile	Superordinate company	Direct share	Indirect share	Equity (KEUR)	Profit for the year (KEUR)
NOGHR	Novo Gaming d.o.o., Croatia	AGI	100.00%	100.00%	43,538	1,493
NOGUK	Novo Gaming UK Ltd., UK	AGI	100.00%	100.00%	2,148	0
IKGDE	Novo Immobilien GmbH, Germany	NAG	99.80%	99.80%	3,430	249
NOVORO	Novo Invest Co srl, Romania	AGI	99.63%	99.63%	27,112	-768
NOVOBG	Novo Invest Bulgaria EOOD, Bulgaria	AGI	100.00%	100.00%	8,268	-215
NOVOSI	Novo Investicije d.o.o., Slovenia	AGI	100.00%	100.00%	3,040	-58
NOVOCS	Novo Investment d.o.o., Serbia	AGI	100.00%	100.00%	6,921	-1,602
NOVOEE	Novo Investment OU, Estonia	AGI	100.00%	100.00%	2,409	-102
NOVOBA	NOVO RS d.o.o., Bosnia and Herzegovina	AGI	100.00%	100.00%	485	-220
NOVOCL	Novochile Ltda., Chile	AGI	99.00%	99.00%	667	-209
NCDE	NOVOMATIC Casino u. Automatentechnik GmbH Berlin, Germany	NAG	100.00%	100.00%	-1,785	-40
AON	Novomatic Forum GmbH, Austria	NAG	100.00%	100.00%	842	-9
NOGES	NOVOMATIC Gaming Spain S.A., Spain	AGI	100.00%	100.00%	11,284	-929
NHCCCL	NOVOMATIC Holdings Chile Ltda., Chile	NICCL	100.00%	100.00%	72,588	-1
NICCL	NOVOMATIC Investment Chile S.A., Chile	NAG	100.00%	100.00%	-2,039	-1,711
NOVOPE	NOVOMATIC Peru S.A.C., Peru	AGI	100.00%	99.99%	3,334	-6
NOVORU	Novotech OOO, Russia	HTLRU	95.64%	96.61%	1,810	-784
NSMLDE	NSM-Löwen Entertainment GmbH, Germany	AGI	100.00%	100.00%	N/A	N/A
NTGIT	NT Gaming S.r.l., Italy	ADRIT	60.00%	60.00%	2,459	-705
HTLRU	OOO HTL Posledni Per., Russia	AGI	99.00%	99.00%	17,835	-6,717
HTLUA	OOO HTL Ukraine LCC, Ukraine	AGI	100.00%	100.00%	10,849	-3,931
PLANBY	Planeta Igr COO, Belarus	AZARLT	80.00%	100.00%	210	-52
HTBLBA	RSA Gaming d.o.o., Bosnia and Herzegovina	NOVOBA	80.00%	80.00%	100	-156
INTRO	SC Intertop srl, Romania	AGI / NOVORO	68.95%/30.68%	68.95%/30.79%	528	-7,104
SIMAPE	Sierra Machines S.A.C., Peru	CROPE	100.00%	100.00%	689	-146
SLUIT	Sluma Games S.r.l., Italy	GOLDIT	42.00%	70.00%	402	-120
SOFIBG	Sofiten EOOD, Bulgaria	NOVOBG	100.00%	100.00%	1,616	-6
SWP	Sportwetten Pirker GmbH, Austria	HTM	100.00%	100.00%	2,120	726
TEMPHR	Tempo-Star d.o.o., Croatia	NOGHR	100.00%	100.00%	689	-977
TIMRO	TIMAX Srl., Romania	NOVORO	99.63%	100.00%	-5,052	-5,125
TREU1	Treuhand GmbH, Austria	AGI	60.00%	60.00%	1,451	319
AZARLT	UAB Azarto Technika, Lithuania	AGI	80.00%	80.00%	10,936	-2,171
VILLBG	Villox Group EOOD, Bulgaria	NOVOBG	100.00%	100.00%	290	-574
WEC	Wett Cafe Betriebs GmbH, Austria	HTM	100.00%	100.00%	16,050	5,372
WETTRO	Wettpunkt International Srl, Romania	NOVORO	99.63%	100.00%	-4,598	-2,534
ZETHR	Zeton d.o.o., Croatia	NOGHR	100.00%	100.00%	434	-652
ZOLRU	Zolotaya Bukhta OOO, Russia	HTLRU	98.80%	99.80%	-15,726	-30,197
3ZHR	3Z d.o.o., Croatia	NOGHR	100.00%	100.00%	1,452	-649

**Companies consolidated at equity**

IC-Code	Company, Domicile	Superordinate company	Direct share	Indirect share	Equity (KEUR)	Profit for the year (KEUR)
ALWSA	AGI Africa (PTY) Ltd., South Africa	AGI	100.00%	100.00%	4,650	674
NOSUCL	Novo Sun S.A., Chile	NHCCL	50.00%	50.00%	134,744	-2,112
POL	H.Polanz GmbH, Austria	WEC	50.00%	50.00%	4,692	1,362
PRAGA	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Austria	NAG	47.50%	47.50%	990	-9
UGIRU	OOO United Gaming Industries, Russia	AGI	50.00%	50.00%	7,617	-75
SIMKDE	SIM Spielbanken, Investitions-, Beteiligungs- und Management GmbH & Co.KG, Frankfurt (Germany)	NAG	49.00%	49.00%	7,696	969
SIMDE	SIM Spielbanken, Investitions- und Management GmbH, Frankfurt (Germany)	NAG	49.00%	49.00%	59	6

**Not consolidated affiliated companies**

IC-Code	Company, Domicile	Superordinate company	Direct share	Indirect share
CLUBUK	Admiral Club Ltd., UK	AGI	100.00%	100.00%
BLIDE	Blitz 09-511 GmbH, Germany	AGI	100.00%	100.00%
BLIDE	Blitz 09-512 GmbH, Germany	AGI	100.00%	100.00%
CHECL	Chilean Enterprises S.p.A., Chile	NHCCL	100.00%	100.00%
CONDE	Condor GmbH, Germany	CRODE	93.00%	100.00%
CROPY	Crown Gaming Paraguay S.A., Paraguay	AGI	65.00%	65.00%
FORTDE	Fortumat Spiel- und Automatenbetriebs GmbH, Germany	NSMLDE	100.00%	100.00%
FRIBY	Fri Game COOD, Belarus	AZARLT	80.00%	100.00%
GBT	GBT Products and Technologies VertriebsGmbH, Austria	AUTEC	90.00%	100.00%
GMT	GMT Gastro-Maschinen-Technik GmbH i.L., Austria	HTM	100.00%	100.00%
IGRORU	Igretech OOO, Russia	AZARLT	79.20%	99.00%
MEDHR	Mediteran Gaming d.o.o., Croatia	NOGHR	100.00%	100.00%
IVGDE	Novo Immobilien Verwaltungsges.m.b.H., Germany	IKGDE	99.80%	100.00%
NEVUS	Novo Nevada Inc., USA	NAG	100.00%	100.00%
NOVONA	NOVOMATIC Namibia (Pty) Ltd., Namibia	NAG	100.00%	100.00%
SWIT	SW S.R.L., Italy	ALLIT	100.00%	100.00%
TAT	Tatschl GmbH i.L., Austria	AGI	100.00%	100.00%
TREU2	Treuhand 2 GmbH, Austria	AGI	100.00%	100.00%

## Acquisitions

### Romania

As part of the further expansion on the Romanian market, a 100% interest in both Wettpunkt International Srl. and TIMAX srl. was acquired by SC Novo Invest Co Srl. in the first six months of 2009. Furthermore, a 100% interest in Binder Invest Srl. was acquired by SC Intertop Srl on July 31, 2009.

The fair value of the identifiable assets and liabilities of the 3 Romanian wholly-owned subsidiaries at the acquisition date and the respective book values directly before the acquisition date present themselves as follows:

In KEUR	Book value	Adjustments to the fair value	Fair value
Intangible assets	47	908	955
Property, plant, equipment	6,420	526	6,946
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	0	159	159
Inventories	273	3	276
Cash and cash equivalents	641	0	641
Other current assets	2,015	-444	1,571
Minority interest	0	0	0
Long term liabilities and provisions	-79	-54	-133
Deferred tax liabilities	0	-300	-300
Short term liabilities and provisions	-9,482	-275	-9,757
<b>Net assets</b>	<b>-165</b>	<b>523</b>	<b>358</b>
<b>Acquired net assets</b>			<b>358</b>

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

In KEUR	2009
Purchase price	14,289
Minus acquired net assets	-358
<b>Goodwill</b>	<b>13,931</b>

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

In KEUR	2009
Purchase price in cash	14,289
Liquid funds of the purchased company	-641
<b>Investment in subsidiary</b>	<b>13,648</b>

The comprehensive income for the period since the acquisition date amounts to KEUR -7,672.

**Latvia**

On January 1, 2009 a 60% interest in both Amugames SIA and Favorits SIA was acquired by Austrian Gaming Industries GmbH. As of this date, both companies merged into Barclajs Speles SIA, also a 60% subsidiary of Austrian Gaming Industries GmbH.

The fair value of the identifiable assets and liabilities of Amugames SIA and Favorits SIA at the acquisition date of January 1, 2009 and the respective book values directly before the acquisition date present themselves as follows:

In KEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	0	5,150	5,150
Property, plant, equipments	4,687	47	4,734
Financial assets	0	0	0
Other non-current assets	67	0	67
Deferred tax assets	0	0	0
Inventories	47	0	47
Cash and cash equivalent	880	0	880
Other current assets	259	58	317
Minority interest	0	0	0
Long term liabilities and provisions	0	0	0
Deferred tax liabilities	-119	-788	-907
Short term liabilities and provisions	-4,600	0	-4,600
<b>Net assets</b>	<b>1,221</b>	<b>4,467</b>	<b>5,688</b>
<b>Acquired net assets</b>			<b>3,413</b>

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

In KEUR	2009
Purchase price	5,440
Minus acquired net assets	-3,413
<b>Goodwill</b>	<b>2,027</b>

The purchase price was settled in cash resulting in a net cash drain as shown below:

In KEUR	2009
Purchase price in cash	5,440
Liquid funds of the purchased company	-880
<b>Investment in subsidiary</b>	<b>4,560</b>

### San Marino

With the acquisition of an interest of 29.56% the thitherto at-equity investment Giochi San Marino S.p.A. became a fully consolidated subsidiary as of March 31, 2009. Further on, the interest was increased once more and now amounts to 74.43%.

The fair value of the identifiable assets and liabilities of Giochi San Marino S.p.A. at the acquisition date of March 31, 2009 and the respective book values directly before the acquisition date present themselves as follows:

In KEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	2	0	2
Property, plant, equipment	37	20,200	20,237
Financial assets	0	0	0
Other non-current assets	0	0	0
Deferred tax assets	0	915	915
Inventories	0	0	0
Cash and cash equivalents	0	0	0
Other current assets	9,867	-9,264	603
Minority interest	0	0	0
Long term liabilities and provisions	0	-5,264	-5,264
Deferred tax liabilities	0	-1,880	-1,880
Short term liabilities and provisions	-3,628	321	-3,307
<b>Net assets</b>	<b>6,278</b>	<b>5,028</b>	<b>11,306</b>
<b>Acquired net assets</b>			<b>3,342</b>

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

In KEUR	2009
Purchase price	2,069
Minus acquired net assets	-3,342
<b>Received surplus affecting income</b>	<b>-1,273</b>

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

In KEUR	2009
Purchase price in cash	2,069
Liquid funds of the purchased company	-0
<b>Investment in subsidiary</b>	<b>2,069</b>

The comprehensive income for the period since the acquisition date amounts to KEUR -2,951.

**Austria**

As of January 1, 2009, NOVOMATIC AG acquired a 100% interest in NMN Automatentechnik GmbH. This acquisition is a combination of businesses under common control. The fair values were not adjusted, as there are no specific regulations in IFRS and the fair values of the identifiable assets and liabilities do not differ substantially from their book values. The difference between the purchase price and the carrying amount of the net assets acquired was allocated within retained earnings.

The book value of the identifiable assets and liabilities of NMN Automatentechnik GmbH at the acquisition date of January 1, 2009 presents itself as follows:

In KEUR	Book Value
Intangible assets	0
Property, plant, equipment	2,323
Financial assets	2
Other non-current assets	0
Deferred tax assets	41
Inventories	0
Cash and cash equivalent	4,789
Other current assets	2,885
Minority interest	0
Long term liabilities and provisions	0
Deferred tax liabilities	0
Short term liabilities and provisions	-175
<b>Net Assets</b>	<b>9,865</b>
<b>Acquired net assets</b>	<b>9,865</b>

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

In KEUR	2009
Purchase price	7,500
Minus acquired net assets	-9,865
<b>Allocation with retained earnings</b>	<b>-2,365</b>

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

In KEUR	2009
Purchase price in cash	7,500
Liquid funds of the purchased company	-4,789
<b>Investment in subsidiary</b>	<b>2,711</b>

The comprehensive income for the period since the acquisition date amounts to KEUR 176.

## USA

As of April 30, 2009 the existing 31.2% interest in Octavian Global Technologies Inc. – Group was enlarged by 19.41% by Austrian Gaming Industries GmbH, which caused a change in the valuation from at equity to full consolidation in the NOVOMATIC Group. The group comprises twelve fully consolidated subsidiaries and one at equity subsidiary.

The fair value of the identifiable assets and liabilities of Octavian Global Technologies Inc. at the acquisition date of April 30, 2009 and the respective book values directly before the acquisition date present themselves as follows:

In KEUR	Book Value	Adjustments to the fair value	Fair Value
Intangible assets	2,470	7,402	9,872
Property, plant, equipment	1,237	0	1,237
Financial assets	762	4,848	5,610
Other non-current assets	0	0	0
Deferred tax assets	0	0	0
Inventories	999	268	1,267
Cash and cash equivalents	653	0	653
Other current assets	5,778	1,890	7,668
Minority interest	-28	0	-28
Long term liabilities and provisions	-8,060	0	-8,060
Deferred tax liabilities	0	0	0
Short term liabilities and provisions	-10,642	415	-10,227
<b>Net assets</b>	<b>-6,831</b>	<b>14,823</b>	<b>7,992</b>
<b>Acquired net assets</b>			<b>4,045</b>

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

In KEUR	2009
At equity carrying amount	4,137
Purchase price for the increase in interest	4,635
Minus acquired net assets	-4,045
<b>Goodwill</b>	<b>4,727</b>

The purchase price was paid in cash at KEUR 647 and through the conversion of receivables in the amount of KEUR 3.988, resulting in a net cash drain as shown below:

In KEUR	2009
Purchase price in cash	647
Liquid funds of the purchased company	-653
<b>Investment in subsidiary</b>	<b>-6</b>

The comprehensive income for the period since the acquisition date amounts to KEUR 127.

Europe

The following companies were acquired in the interest of further expanding the NOVOMATIC group.

- Albania: acquisition of a 100% interest in Albaten Sh.p.k. by NOVOMATIC AG, August 1, 2009.
- Bulgaria: acquisition of a 100% interest in each of the four Bulgarian companies Bonaco EOOD, Bulten EOOD, Sofiten EOOD and Villox Group EOOD by Novo Invest Bulgaria EOOD, May 1, 2009.
- Estonia: acquisition of a 100% interest in AS Play-In Casino Group by Novo Investment OÜ, January 5, 2009.
- Italy: acquisition of an 80% interest in both Punto Italbet Srl. (change of the company's name to Admiral Bet Italia Srl.), May 25, 2009 and Adria Gaming Firenze Srl., June 18, 2009, by Adria Gaming International Srl.
- Spain: acquisition of a 100% interest in INMAR S.L. by Admiral Slots S.A, September 18, 2008.

The fair values of the identifiable assets and liabilities of the acquired businesses at the respective acquisition dates and the respective book values directly before the acquisition dates present themselves as follows:

In KEUR	Book value	Adjustments to the fair value	Fair value
Intangible assets	9,024	-3,674	5,350
Property, plant, equipment	4,114	3,087	7,201
Financial assets	0	0	0
Other non-current assets	71	0	71
Deferred tax assets	74	2,345	2,419
Inventories	312	0	312
Cash and cash equivalents	1,077	0	1,077
Other current assets	1,733	0	1,733
Minority interest	0	0	0
Long term liabilities and provisions	-37	0	-37
Deferred tax liabilities	0	-1,185	-1,185
Short term liabilities and provisions	-3,327	0	-3,327
<b>Net assets</b>	<b>13,041</b>	<b>573</b>	<b>13,614</b>
<b>Acquired net assets</b>			<b>12,254</b>

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

In KEUR	2009
Purchase price	15,765
Minus acquired net assets	-12,254
<b>Goodwill</b>	<b>3,570</b>
<b>Received surplus affecting income</b>	<b>220</b>

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

In KEUR	2009
Purchase price in cash	15,765
Liquid funds of the purchased company	-1,077
<b>Investment in subsidiary</b>	<b>14,688</b>

The comprehensive income for the period since the acquisition date amounts to KEUR -7.285.



**Other remarks regarding acquisitions**

The statement of sales and profit or loss of the acquired companies under the assumption that the acquisition date of all business combinations is the beginning of the reporting period was omitted since it would have caused considerable additional effort, and since the information value regarding the consolidated financial statements is insignificant.

**Disposals****Novo Poland Sp.z.o.o. and Techno Invest Sp.z.o.o.**

Effective January 1, 2009, the 90% interest in Novo Poland Sp.z.o.o. and Techno Invest Sp.z.o.o. was sold.

The fair value of the identifiable assets and liabilities of Novo Poland Sp.z.o.o. and Techno Invest Sp.z.o.o. at the date of sale on January 1, 2009 and the respective book values directly before the sale date present themselves as follows:

In KEUR	Book Value in the group
Intangible assets	0
Property, plant, equipment	32
Financial assets	1,587
Other non-current assets	0
Deferred tax assets	0
Inventories	29
Cash and cash equivalents	1,336
Other current assets	329
Minority interest	0
Long term liabilities and provisions	0
Deferred tax liabilities	0
Short term liabilities and provisions	-187
<b>Net assets</b>	<b>3,126</b>
<b>Net assets disposed of</b>	<b>2,813</b>

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

In KEUR	2009
Selling price	8,200
Difference from currency translation	-181
Minus net assets disposed	-2,813
<b>Result from disposal</b>	<b>5,206</b>

**Octavian Global Technologies Inc. – Group**

As of November 10, 2009 the 50.61% interest in Octavian Global Technologies Inc. – Group was sold.

The fair value of the identifiable assets and liabilities of Octavian Global Technologies Inc. – Group at the date of sale November 10, 2009 and the respective book values directly before the sale date present themselves as follows:

In KEUR	Book value in the group
Intangible assets	9,742
Property, plant, equipment	1,239
Financial assets	5,311
Other non-current assets	59
Deferred tax assets	0
Inventories	1,336
Cash and cash equivalents	845
Other current assets	8,398
Minority interest	-28
Long term liabilities and provisions	-15,363
Deferred tax liabilities	0
Short term liabilities and provisions	-5,118
<b>Net assets</b>	<b>6,421</b>
<b>Net assets disposed of</b>	<b>3,250</b>

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

In KEUR	2009
Selling price	0
Goodwill resulting from first consolidation	-4,728
Difference from currency translation	-859
Minus net assets disposed	-3,250
<b>Result from disposal</b>	<b>-8,837</b>

## 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. Additional acquisition costs are directly recognised as expense. In accordance with IFRS 3, any excess of the costs of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If acquisition costs are below the identifiable assets and liabilities, the difference is recognized against 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 attained 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 intercompany 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, as these entities conduct their business independently with regard to financial, economical and organizational aspects.

Apart from the positions within equity, all balance sheet items are translated into euros at the exchange rate prevailing on December 31, 2009. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences that arise are recognized as equity not affecting net income. Upon the retirement of a foreign company from the consolidation scope, the exchange difference is recognized in the income statement.

The exchange rates used for the currency translation developed as follows:

Equivalent amount = 1 EUR	Exchange rate prevailing at balance sheet date		Average exchange rate for the year	
	12/31/2009	12/31/2008	2009	2008
Albanian LEK	137.9600	123.8000	132.6567	123.0267
Argentinean Peso	5.4241	-	5.2094	-
Bosnian convertible Mark	1.9558	1.9558	1.9558	1.9558
British Pound	0.8942	0.9585	0.8923	0.8036
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Chilean Peso	727.2100	889.3300	769.9100	774.4217
Estonian Crown	15.6466	15.6466	15.6466	15.6466
Croatian Kuna	7.3050	7.3990	7.3547	7.2282
Latvian Lats	0.7070	0.7080	0.7051	0.7032
Lithuanian Litas	3.4528	3.4528	3.4528	3.4528
Macedonian Dinar	61.1732	61.4123	61.2725	61.2831
Peruvian new Sol	4.1450	4.3840	4.1834	4.3235
Polish Zloty	-	4.1880	-	3.5347
Romanian Lei	4.2284	3.9227	4.2396	3.6849
Russian Rouble	43.5000	41.4500	44.3208	36.7786
Serbian Dinar	95.8888	88.6010	94.1198	81.9092
South African Rand	10.7000	13.2300	11.4858	12.0146
Hungarian Forint	271.5000	265.5500	281.4958	250.2083
Ukrainian Hryvnia	11.5009	10.8555	10.9006	7.9070
US Dollar	1.4440	1.4090	1.4009	1.4766
Belarussian Rouble	4,106.1100	3,077.1400	3,904.3342	3,158.3808

### Intangible assets and property, plant and equipment

Intangible assets – with the 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 amortisation/depreciation. Production costs encompass direct costs as well as appropriate material and manufacturing costs. Administration expenses are not capitalized.

Depreciation/amortisation of assets begins when these are ready for use. Depreciation/amortisation 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 lives an impairment test is carried out at least annually. These intangible assets are not written off on schedule. Therefore, the useful lives of these intangible assets are reviewed once a year, in order to assess 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 that of a prospectively limited useful life.

Impairment is recognised in the year the event causing the impairment arises. Where an impairment loss subsequently reverses the carrying amount of the asset, 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 whenever 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 amortisation. 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>		
Buildings	20	50
Investments in rented property	10	20
Machines	3	10
Gambling machines	3	5
Equipment	3	10

### Investment property

Investment property concerns land and buildings held as financial investments and with no definitive utilisation at the moment. These are valued at amortised costs. The buildings are written off over their estimated useful lives of between 25 and 50 years using the straight-line method.

### 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 leases are recognised at the present value of the lease or tenancy payments and written off over their estimated useful lives. The corresponding liabilities to the lessor are shown in the balance sheet as a finance lease obligations, representing the present value of all lease and tenancy payments outstanding at the balance sheet date.

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

### Financial Assets

Financial assets are not held for trading. They are usually valued at amortised 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 which 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 whether they 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 and reduced by appropriate if applicable allowances. Receivables in foreign currencies are valued at the exchange rate prevailing on the balance sheet date. Gains and losses resulting from currency translation are recognised 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 using the projected unit credit method, which divides the costs of 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 – in both cases measured at the beginning of the year – are not recognized in pensions and severance payment 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 result from a careful consideration of all the facts involved.

**Liabilities**

Trade and other liabilities are stated at amortised 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 such as 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 an asset if its fair value is positive and as a liability if its 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 the sale and rental of gambling machines and the operation of gambling houses and electronic gambling machine casinos, as well as from betting. Revenues from the sale of gambling 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 gambling 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, insofar as the underlying bets have already taken place. Operating expenses are recognized when incurred or at the date of use of the service.

**Financial result**

Financial expenses comprise interest from borrowings and finance lease, interest-like expenses and charges, and expenses from derivative instruments.

Financial income includes interest from the placement of funds and investments in financial assets, dividends received and similar income, profit resulting from the disposal of financial assets, and profit resulting from derivative instruments.

**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 in 2009	Tax rate in 2008
Austria	25%	25%
Germany	16% – 29.825%	16% – 30.17%
Latvia	15%	15%
Poland	19%	19%
England	28%	28%
Romania	16%	16%
Croatia	20%	20%
Slovenia	20%	20%
Albania	10%	10%
Russia	20%	24%
Lithuania	20%	15%
Ukraine	25%	25%
Italy	27.5% & 31.4%	27.5% & 31.4%
Peru	30% & 33.5%	30% & 33.5%
Chile	17%	17%
Spain	30%	25%
Hungary	20%	20%
Belarus	24%	24%
Bosnia and Herzegovina	10%	10%
Serbia	10%	10%
Bulgaria	10%	10%
Macedonia	10%	10%
Montenegro	9%	9%
Argentina	35%	-
USA	28%	-
San Marino	17%	-

### Estimates

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

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

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

Notes on the consolidated balance sheet

(1) Intangible assets

In KEUR

Acquisition costs	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 01/01/2008	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 KEUR

Acquisition costs	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 01/01/2009	16,154	7,241	81,435	371	105,201
Adjustments due to currency translation	2	-65	515	0	452
Change in the consolidation scope	-6,677	1,307	13,739	0	8,369
Additions	26,243	387	10,337	32,347	69,314
Disposals	0	0	-3,360	-23	-3,383
Reclassifications	0	0	-579	-208	-787
<b>Balance as of 12/31/2009</b>	<b>35,722</b>	<b>8,870</b>	<b>102,087</b>	<b>32,487</b>	<b>179,166</b>

In KEUR

Accumulated amortisation	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 01/01/2008	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>

In KEUR

Accumulated amortisation	Goodwill	Trademarks and patents	Other intangible assets	Prepayments	Total
Balance as of 01/01/2009	1,565	1,855	24,414	0	27,834
Adjustments due to currency translation	2	-5	125	0	122
Change in the consolidation scope	0	0	4,021	0	4,021
Additions	1,655	2,246	10,550	59	14,510
Disposals	0	0	-2,502	0	-2,502
Reclassifications	0	0	-76	0	-76
<b>Balance as of 12/31/2009</b>	<b>3,222</b>	<b>4,096</b>	<b>36,532</b>	<b>59</b>	<b>43,909</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>
<b>Carrying amount as of 12/31/2009</b>	<b>32,500</b>	<b>4,774</b>	<b>65,555</b>	<b>32,428</b>	<b>135,257</b>



An amount of KEUR 10,337 (previous year: KEUR 7,776) was invested in concessions, licences and software. Additions regarding prepayments of KEUR 32,347 mainly concern the right of use for VLT (Video Lottery Terminal) licences in Italy.

Among other intangible assets, licences with an indefinite useful life amounting to KEUR 18,490 (previous year: KEUR 13,340) were capitalized.

The group did not have any internally generated intangible assets. In the period under report, development expenditures amounting to KEUR 37,205 (previous year: KEUR 27,688) were recognized in the income statement as “personnel cost,” “other expenses” and “depreciation of tangible and intangible assets.”

### Goodwill

As of December 31, 2009 the group's goodwill is composed of the following cash-generating units according to IAS 36.134:

In KEUR	12/31/2009	12/31/2008
Operator Croatia	2,304	2,304
Operator Latvia	3,147	1,625
Operator Romania	13,931	0
Austrian Gaming Industries GmbH	1,979	1,979
Other	11,139	8,681
<b>Total</b>	<b>32,500</b>	<b>14,589</b>

The recoverable amount of the cash-generating units is based on the calculation of a value in use applying cash flow forecasts for a period of between three and five years which is based on financial plans authorized by the management. The main assumptions for the calculation of the value in use for the forecasted period are based on previous reporting years, experiences of comparable businesses and overall economic development. During the planning period, the basis is increased by development improvements estimated by the management on the basis of to comparable projects, market potentials and risks. Insofar as the goodwill results from the acquisition of gaming operating companies, all operators in the respective country are defined as cash-generating unit.

The discount rate used for the cash flow forecast amounts to 8.11% (previous year: 9.17%). Cash flows occurring after the period of between three and five years are carried over with a growth rate of 2% (previous year: 2%). This growth rate does not exceed the average long-term growth rate of the sector.

The comparison of the book values with the recoverable amount of the cash-generating units over the course of the yearly impairment test as of December 31, 2009 resulted in an impairment of KEUR 1,655 (previous year: KEUR 0). KEUR 1,439 of this concern the segment “Sales” and KEUR 216 concern the segment “other.”

(2) Property, plant and equipment

In KEUR					
Acquisition costs	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2008	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 KEUR					
Acquisition costs	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2009	239,261	477,957	140,094	40,246	897,558
Adjustments due to currency translation	-98	-5,414	-72	-216	-5,800
Change in the consolidation scope	15,434	11,815	4,196	763	32,208
Additions	57,439	155,270	36,122	60,215	309,046
Disposals	-10,084	-126,777	-10,653	-2,292	-149,806
Reclassifications	52,894	2,808	9,447	-74,900	-9,751
<b>Balance as of 12/31/2009</b>	<b>354,846</b>	<b>515,659</b>	<b>179,134</b>	<b>23,816</b>	<b>1,073,455</b>

In KEUR					
Accumulated depreciation	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2008	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>

In KEUR					
Accumulated depreciation	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2009	39,826	144,997	62,204	34	247,061
Adjustments due to currency translation	-30	-912	25	-5	-922
Change in the consolidation scope	3,146	4,744	2,727	40	10,657
Additions	20,636	164,018	25,223	1,443	211,320
Disposals	-2,632	-64,665	-7,288	-33	-74,618
Reclassifications	25	-1,235	380	907	77
Appreciations	0	0	0	0	0
<b>Balance as of 12/31/2009</b>	<b>60,971</b>	<b>246,947</b>	<b>83,271</b>	<b>2,386</b>	<b>393,575</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>
<b>Carrying amount 12/31/2009</b>	<b>293,875</b>	<b>268,712</b>	<b>95,863</b>	<b>21,430</b>	<b>679,880</b>

In 2009, major projects were the construction of a state-of-the-art research and development center at the group's headquarters in Gumpoldskirchen and the further expansion in the Central and Eastern European distribution markets. Investments in fixed assets therefore mainly concerned land and buildings worth KEUR 110,333, investment in plant and machinery worth KEUR 158,078 and factory and office equipment worth KEUR 45,569.

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

### Finance Lease

The carrying amount of the group's property, plant and equipment with respect to assets held under finance lease totals KEUR 5,602 (previous year: KEUR 4,566). The tangible assets held under finance lease comprise plant and machinery, office equipment and vehicles. The terms of the finance lease contracts lie between 3 and 5 years.

The sale-and-lease-back transactions of the group present themselves as follows: the carrying amounts of gambling machines recognized as property, plant and equipment account for KEUR 16,653 (previous year: KEUR 23,409). Due to 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 on the balance sheet.

In KEUR	Minimum lease payments		Present value of minimum lease payments	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Within one year	5,198	4,890	4,982	4,522
Between one and five years	19,091	22,303	16,529	18,748
Over five years	0	0	0	0
<b>Total</b>	<b>24,289</b>	<b>27,193</b>	<b>21,511</b>	<b>23,270</b>
Minus prospective financing costs	-2,778	-3,923		
<b>Present value of lease obligations</b>	<b>21,511</b>	<b>23,270</b>		

### Operating Lease

NOVOMATIC AG as lessee:

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

In KEUR	12/31/2009	12/31/2008
For the next year	26,616	30,905
For the second to the fifth year inclusive	78,887	71,102
For more than five years	43,104	38,933

NOVOMATIC AG as lessor:

The group concluded contracts for tenancy of gambling machines with a term of 24 months. The gambling 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 in the category of income from rent and management services.

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

In KEUR	12/31/2009	12/31/2008
For the next year	177,983	101,869
From the second up to and including the fifth year	56,535	49,773
For more than five years	0	273

### (3) Investment property

In KEUR	12/31/2009	12/31/2008
Balance as of 01/01	474	474
Change in the consolidation scope	20,200	0
Additions	0	0
Disposals	0	0
Reclassifications	10,538	0
Depreciations	-4,836	0
Appreciations	0	0
<b>Balance as of 12/31</b>	<b>26,376</b>	<b>474</b>

Investment property denotes land and buildings which are currently held for an undefined use in the future. For new acquisitions, the purchase price is considered to be the fair value – or adjustments (impairment) based on actual appraisals were made to render the fair value identical to the costs less depreciation/impairment. Accordingly, the fair value amounts to KEUR 26,376.

### (4) Investments in associates

In KEUR	12/31/2009	12/31/2008
Balance as of 01/01	39,718	11,040
Adjustments due to currency translation	5,175	0
Additions	49,242	12,170
Share of post-acquisition profits	734	-6,007
Dividends	-736	-945
Disposals	-1,446	-430
Change in the consolidation method	-5,822	23,890
<b>Balance as of 12/31</b>	<b>86,865</b>	<b>39,718</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 refers to 100% and not to the percentage of shares in these associated companies which are owned by NOVOMATIC AG:

In KEUR	12/31/2009	12/31/2008
Assets	255,911	362,022
Liabilities	95,463	213,134
Sales	82,041	166,966

**(5) Financial Assets**

In KEUR	12/31/2009	12/31/2008
Investments in affiliated companies not consolidated	3,312	3,470
Securities	7,741	9,025
Other investments	680	1,597
<b>Total</b>	<b>11,733</b>	<b>14,092</b>

The securities classified as available for sale comprise primarily investment funds and stocks. They are not subject to any restraint of disposal. As far as available-for-sale securities are concerned, their carrying amounts correspond to the fair values of the assets.

Regarding investments in affiliated companies and other investments, the fair value cannot be reliably ascertained; therefore, they are valued at their acquisition costs less any eventual impairment.

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

In KEUR	12/31/2009	12/31/2008
Tax refund	15,622	5,429
Current tax liabilities	51,162	78,536

**Deferred taxes:**

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

In KEUR	12/31/2009	12/31/2008
Intangible assets	-12,757	-5,006
Property, plant and equipment	11,882	8,504
Finance lease	2,471	1,193
Financial assets	4,264	1,897
Securities	-10	-1
Other non-current assets	-2,589	-438
Inventories	1,938	1,204
Current financial assets	-38	-315
Trade and other receivables	-1,561	759
Long-term financial liabilities	20	8
Provision for severance payments	1,538	1,411
Provision for pensions	852	888
Provision for jubilee payments	69	110
Short-term provisions	-148	633
Trade and other liabilities	-9,405	-1,524
Tax loss carry forward	5,955	1,346
<b>Deferred tax total (netted)</b>	<b>2,481</b>	<b>10,669</b>

**On the balance sheet, deferred taxes are shown as follows:**

In KEUR	12/31/2009	12/31/2008
Deferred tax assets	26,940	24,857
Deferred tax liabilities	-24,459	-14,188
<b>Total</b>	<b>2,481</b>	<b>10,669</b>

In accordance with IAS 12, deferred tax assets on the accumulated loss brought forward adding up to KEUR 5,955 (previous year: KEUR 1,346) were recognized because they can be offset against taxable income in the future.

**Deferred tax assets not recognized:**

In KEUR	12/31/2009	12/31/2008
Tax loss	22,330	5,684
Temporary differences	-375	168

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, an elevated tax rate is applied at group level in case of a disbursement. Since no disbursements are expected from the Estonian subsidiaries 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 KEUR 0 for the year 2009 (previous year: KEUR 513) and are recognized directly in the year of the accrual. For the year 2010, the NOVOMATIC group expects a tax burden of KEUR 365 resulting from this investment.

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

In KEUR	12/31/2009	12/31/2008
Loans	13,271	30,083
Miscellaneous other non-current assets	28,857	2,945
<b>Total</b>	<b>42,128</b>	<b>33,028</b>

Due to contractual regulations, the rights of use for VLT (Video Lottery Terminal) licences in the amount of KEUR 25,485 are shown as miscellaneous other non-current assets.

**(8) Inventories**

In KEUR	12/31/2009	12/31/2008
Raw materials and supplies	45,192	56,429
Work-in-progress	23,532	12,747
Finished goods and trade goods	58,932	58,110
Advance payments	9,005	11,404
<b>Total</b>	<b>136,661</b>	<b>138,690</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.

Impairment of inventories amounts to KEUR 44,631 (previous year: KEUR 18,732). The carrying amount of inventories recognized at fair value less distribution costs adds up to KEUR 6,880 (previous year: KEUR 0).

**(9) Trade and other receivables**

In KEUR	12/31/2009	12/31/2008
Trade receivables	89,738	122,605
Receivables from not consolidated affiliated companies	374	1,778
Receivables from associated companies	1,765	5,591
Prepaid expenses	15,512	14,023
Other current receivables	25,636	30,715
<b>Total</b>	<b>133,025</b>	<b>174,712</b>

Valuation adjustments for trade receivables amount to KEUR 32,227 (previous year: KEUR 19,321). The impairment expenses of the year under report are recognized as other operating expenses in the income statement.

The receivables from non-consolidated affiliated companies include trade receivables in the amount of KEUR 366 (previous year: KEUR 1,285).

Other receivables comprise 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 KEUR	12/31/2009	12/31/2008
Securities	161	118
Fair value valuation of interest rate swaps	0	282
Loans	4,440	22,891
Other current financial assets	528	1,845
<b>Total</b>	<b>5,129</b>	<b>25,136</b>

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

**(11) Cash and cash equivalents**

In KEUR	12/31/2009	12/31/2008
Cash	57,894	56,345
Bank deposit	157,944	136,070
<b>Total</b>	<b>215,838</b>	<b>192,415</b>

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

**(12) Share capital**

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

Number of shares	Nominal value per share (KEUR)	Total amount, nominal value (KEUR)
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 KEUR 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 KEUR 1,624 and of the tied-up capital reserves amounting to KEUR 976, adding up to a total of KEUR 2,600 and representing the tied-up reserves of 10% of the share capital according to section 229 para 4 of the Austrian Company Code.

**(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 in a way that does not affect income. For the 2009 business year, these changes amounted to KEUR 1,063 (previous year: KEUR -3,100).

**(16) Currency translation adjustment**

Upon consolidation, differences from the translation of foreign subsidiaries at exchange rates prevailing on the balance sheet date are transferred to this position. For the 2009 business year, changes in the currency translation adjustment amounted to KEUR -4,586 (previous year: KEUR -14,505).

**(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, Admiralu Klubs SA, UAB Azarto Technika, Barclajs Speles SIA, Crown Gaming S.A.C. and Giochi San Marino S.p.a.

**(18) Long-term financial liabilities**

In KEUR	12/31/2009	12/31/2008
Bond	149,564	149,332
Bank loans	186,563	156,263
Obligations under finance leases	16,529	18,748
Other long-term financial liabilities	609	0
<b>Total</b>	<b>353,265</b>	<b>324,343</b>



With a value date of October 11, 2005, NOVOMATIC AG issued a bond with the following terms and conditions:

Nominal value	KEUR 150,000
Term	2005–2012
Denomination	EUR 500.00
Nominal interest rate	3.75% p.a.
Coupon	10/11 every year
Redemption	10/11/2012 bullet
Closing price on 12/31/2009	EUR 98.78
ISIN	AT0000492962

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

The fair value of bank loans amounts to KEUR 190,473.

Bank loans with a term of between one and five years amount to KEUR 78,841 (previous year: KEUR 71,737), and bank loans with a term over five years amount to KEUR 107,722 (previous year: KEUR 84,526). The weighted average interest rate amounts to 3.06%.

### (19) Long-term provisions

In KEUR	12/31/2009	12/31/2008
Provision for severance payments	6,509	5,876
Provision for pensions	10,005	9,662
Provision for jubilee payments	2,631	2,861
Other long-term provisions	2,778	2,919
<b>Total</b>	<b>21,923</b>	<b>21,318</b>

#### Provision for severance payments

Due to legal or collectively agreed obligations, employees whose service began before January 1, 2003 are entitled to receive severance payments upon termination of employment or upon reaching normal retirement age. The entitlements depend on the years of service and final compensation levels. Provisions for the future liabilities are generated according to actuarial principles. The amount of the 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: 5.5%) and a pay increase of 2.5%–3% (previous year: 2.5%–3%). The estimated retirement age refers to 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, 2003 are covered by a defined contribution system. The payments to the external employees' pension fund are recognized as expenses.

Expenses for severance payments recognized as personnel costs:

In KEUR	12/31/2009	12/31/2008
Current service cost	640	593
Interest cost	352	297
Actuarial gains/losses	-15	-44
<b>Expense for the year</b>	<b>977</b>	<b>846</b>

Provision for severance payments shown on the balance sheet:

In KEUR	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Balance as of 01/01	5,876	5,395	5,030	
Current service cost (+)	640	593	541	
Interest cost (+)	352	297	209	
Actuarial gains/losses	-15	-44	-67	
Payments (-)	-344	-365	-320	
Change in the consolidation scope	0	0	2	
<b>Balance as of 12/31</b>	<b>6,509</b>	<b>5,876</b>	<b>5,395</b>	<b>5,030</b>
Unrecognized actuarial gains/losses	897	848	794	280
<b>Defined benefit obligation at the end of the period</b>	<b>7,406</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 beginning with the dates 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% / 5.4 % (previous year: 5.5% / 5.89%) and taking adjustments of values from 1.75% to 3% (previous year: 2% to 3%) into account.

Expenses for pensions recognised as personnel cost:

In KEUR	12/31/2009	12/31/2008
Current service cost	302	256
Interest cost	377	391
Actuarial gains/losses	75	37
<b>Expense for the year</b>	<b>754</b>	<b>684</b>

Provision for pensions shown on the balance sheet

In KEUR	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Balance as of 01/01	9,662	9,350	9,010	
Current service cost (+)	302	256	296	
Interest Cost (+)	377	391	378	
Payments (-)	-337	-331	-329	
Currency translation	1	-4	-5	
<b>Balance as of 12/31</b>	<b>10,005</b>	<b>9,662</b>	<b>9,350</b>	<b>9,010</b>
Unrecognized actuarial gains/losses	-1,478	-1,881	-1,340	-291
<b>Defined benefit obligation at the end of the period</b>	<b>8,527</b>	<b>7,781</b>	<b>8,010</b>	<b>8,719</b>

**Provision for jubilee payments**

After a long 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: 5.5%) 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 considering the probable individual continuance in the company was taken into account.

Expenses for jubilee payments recognized as personnel cost:

In KEUR	12/31/2009	12/31/2008
Current service cost	597	1,683
Interest cost	101	59
Actuarial gains/losses	-734	-75
<b>Expense for the year</b>	<b>-36</b>	<b>1,667</b>

Provision for jubilee payments shown on the balance sheet:

In KEUR	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Balance as of 01/01	2,861	1,271	1,090	
Current service cost (+)	597	1,683	435	
Interest cost (+)	101	59	42	
Actuarial gains/losses	-734	-75	-232	
Payments (-)	-194	-77	-64	
<b>Balance as of 12/31</b>	<b>2,631</b>	<b>2,861</b>	<b>1,271</b>	<b>1,090</b>

**Other long-term provisions**

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

In KEUR	12/31/2009	12/31/2008
Balance as of 01/01	2,919	3,128
Currency translation	-2	-1
Change in scope of consolidation	49	0
Consumption	-909	-650
Disposal	-46	-125
Allocation	767	567
<b>Balance as of 12/31</b>	<b>2,778</b>	<b>2,919</b>

**(20) Other non-current liabilities**

In KEUR	12/31/2009	12/31/2008
Deferred income	7,469	13,564
Miscellaneous other non-current liabilities	5,743	2,919
<b>Total</b>	<b>13,212</b>	<b>16,483</b>

**(21) Short-term financial liabilities**

In KEUR	12/31/2009	12/31/2008
Short-term bank loans	206,582	70,793
Short-term obligations under finance leases	4,982	4,523
Other short-term financial liabilities	1,102	1,422
Fair Value valuation of interest rate swaps	3,273	1,713
<b>Total</b>	<b>215,939</b>	<b>78,451</b>

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 KEUR	Unconsumed vacation	Other provisions for personnel	Warranties, rebates and customer bonuses	Other short term provisions	Total
Balance as of 12/31/2008	11,369	9,181	9,444	10,524	40,518
Currency translation	12	7	-2	11	28
Changes in the consolidation scope	148	-28	126	296	542
Consumption	-5,143	-7,041	-2,232	-3,807	-18,223
Disposal	-6	-1,986	-4,273	-291	-6,556
Allocation	4,054	7,523	971	21,952	34,500
<b>Balance as of 12/31/2009</b>	<b>10,434</b>	<b>7,656</b>	<b>4,034</b>	<b>28,685</b>	<b>50,809</b>

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

Other short term provisions consist mainly of provisions for customs and value-added costs as well as provisions for legal, auditing and consulting costs.

**(23) Trade and other liabilities**

In KEUR	12/31/2009	12/31/2008
Trade payables	41,735	50,668
Payables to non-consolidated affiliated companies	1,064	1,162
Payables to associated companies	11	0
Down-payments received	1,459	2,394
Deferred income	48,188	61,364
Other liabilities from social security obligations	3,546	3,481
Other taxes (except income tax)	20,529	19,972
Other short term liabilities	28,531	38,559
<b>Total</b>	<b>145,063</b>	<b>177,600</b>

Deferred income is mainly related to the accrual of special rent payments for gambling 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 using the total expenditure format.

**(24) Sales**

In KEUR	2009	2008
Sale revenues	131,186	247,938
Operation of slot machines	442,383	406,374
Income from rent and management services	414,452	380,715
Betting income	199,652	184,551
Income from food and beverages	18,391	17,840
Other sales	25,714	33,203
Sales reduction	-8,457	-5,645
<b>Total</b>	<b>1,223,321</b>	<b>1,264,976</b>

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

In KEUR	2009	2008
Changes in inventories of finished goods and work in progress	26,420	41,532
Own work capitalized	136,680	202,910
<b>Total</b>	<b>163,100</b>	<b>244,442</b>

Own work capitalized consists mainly of company-produced electronic gambling machines.

**(26) Other operating income**

In KEUR	2009	2008
Income from the disposal of intangible assets and property, plant and equipment	9,203	5,699
Income from reversal of provisions	5,239	1,988
Other operating income	33,671	20,600
<b>Total</b>	<b>48,113</b>	<b>28,287</b>

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

In KEUR	2009	2008
Material cost	-249,059	-334,421
Payout resulting from betting	-164,949	-151,150
Purchased services for production	-2,332	-980
<b>Total</b>	<b>-416,340</b>	<b>-486,551</b>

**(28) Personnel cost**

In KEUR	2009	2008
Wages and salaries	-185,475	-169,640
Expenses for severance payments	-1,806	-1,666
Expenses for pensions	-916	-918
Expenses for mandatory social contributions and payroll related taxes	-42,521	-39,093
Other social expense	-1,967	-1,604
<b>Total</b>	<b>-232,685</b>	<b>-212,921</b>

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

**(29) Depreciation and amortization**

In KEUR	2009	2008
Scheduled depreciation of tangible and amortization of intangible assets	-190,541	-141,529
Extraordinary depreciation/amortization	-22,929	-849
<b>Total</b>	<b>-213,470</b>	<b>-142,378</b>

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in the notes (1) and (2).

Based on impairment tests, value adjustments on goodwill amounting to KEUR 1,655, on gambling machines amounting to KEUR 5,148 and on other property, plant and equipment amounting to KEUR 11,376 were allowed. Investment property was impaired according to a current expert opinion in the amount of KEUR 4,750.

**(30) Other operating expenses**

In KEUR	2009	2008
Other taxes, fees and other charges	-97,281	-83,347
Maintenance	-17,408	-16,216
Energy	-16,334	-11,958
Telephone, communications	-4,791	-4,816
Rent and lease payments	-50,917	-41,363
Insurance	-3,877	-3,124
Vehicle fleet operation costs	-6,543	-6,103
Legal, audit and consulting costs	-12,141	-8,041
Other services received	-29,998	-25,235
Advertising cost	-28,698	-30,699
Travelling cost	-5,723	-5,849
Development, license and patent cost	-9,452	-9,282
Commissions	-4,742	-7,151
Bad debt and valuation adjustment	-24,077	-11,620
Loss from the disposal of fixed assets	-8,652	-5,712
Other expenses	-65,638	-79,471
<b>Total</b>	<b>-386,272</b>	<b>-349,987</b>

**(31) Share of the profit/loss of associated companies**

In KEUR	2009	2008
AGI Africa (Pty) Ltd.	674	816
Estrada Polska sp.z.o.o.	0	635
Giochi San Marino S.p.A.	0	-341
Novo Sun S.A.	-1,056	-8,228
H. Polanz GmbH	681	405
Pratergarage Errichtungs- und Betriebsges.m.b.H.	-5	0
SIM Spielbanken Investitions- Management GmbH	3	1
SIM Spielbanken Investitions- und Beteiligungs- Management GmbH & CO KG	475	736
000 United Gaming Industries	-38	-31
<b>Total</b>	<b>734</b>	<b>-6,007</b>

**(32) Financial income**

In KEUR	2009	2008
Interest income	3,737	4,785
Income from the disposal of financial assets	1	41
Income from the disposal of securities classified as current assets	0	0
Income from other investments	18	498
Fair Value valuation of interest rate swaps	336	3,088
Other financial income	6,416	14,207
<b>Total</b>	<b>10,508</b>	<b>22,619</b>

**(33) Financial expenses**

In KEUR	2009	2008
Interest expenses	-10,049	-9,482
Interest expenses for bond	-5,757	-5,764
Fair value valuation interest rate swaps	-1,576	-1,604
Interest on obligation under finance lease	-818	-1,126
Other financial expenses	-11,116	-3,575
<b>Total</b>	<b>-29,316</b>	<b>-21,551</b>

**(34) Tax expenses**

In KEUR	2009	2008
Current income tax expenses	-62,272	-101,429
Actual income tax relating to other periods	-340	-931
Deferred tax income/expense	-3,536	-1,668
<b>Income tax</b>	<b>-66,148</b>	<b>-104,028</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 2009 business year is stated below:

In KEUR	2009	2008
<b>Profit before taxes</b>	<b>167,695</b>	<b>340,929</b>
<b>Computed income tax expense of 25% (previous year: 25%)</b>	<b>-41,924</b>	<b>-85,232</b>
<b>Adjustment of the computed income tax expense:</b>		
Differing foreign tax rates	-13,983	-10,644
Effects of non-taxable income	1,575	-632
Effects of non-deductible expenses	-4,400	-4,239
Effects of tax advantages	1,245	1,327
Actual income tax relating to other periods	-340	-931
Effects of change in tax rate of deferred taxes	-43	-845
Effects on the real tax expenses of initially not recognized and unused tax-losses carry forward and possible offsets	55	688
Effects on deferred tax expense of initially not recognized and unused tax-losses carry forward and possible offsets	266	0
Effects of the reversal of a previous adjustment of a deferred tax asset	-235	-152
Effects of unused tax-losses carry forward and possible offsets not recognized as deferred taxes	-8,160	-2,200
Withholding tax	-164	-782
Other	-40	-386
<b>Effective group income tax expense</b>	<b>-66,148</b>	<b>-104,028</b>
<b>Effective group income tax rate</b>	<b>39.45%</b>	<b>30.51%</b>

Taxes on income comprised of other comprehensive income:

In KEUR	2009	2008
Expenses from the revaluation of securities classified as available for sale	-355	1,033
<b>Deferred taxes</b>	<b>-355</b>	<b>1,033</b>

### (35) Profit/Loss from discontinued operations

The group withdrew from business in the Russian market owing to changes in the regulative environment of the Russian gaming industry. Operational subsidiaries discontinued their activities as of June 30, 2009. The withdrawal of the business in this area is shown in the category of profit/loss from discontinued operations.

The shares in Octavian Global Technologies Inc., USA, were sold through a Stock Purchase Agreement as of November 10, 2009. The business activity of this company consisted mainly in the development of its own games and systems for the gaming industry. In keeping with IFRS 5, the result from discontinued operations is shown in this category.

The comparative information regarding the profit/loss and the cash-flows of the discontinued operations was adapted in order to consider the classification of operations discontinued during the current reporting period.



**Profit/Loss from discontinued operations**

In KEUR	2009	2008
Sales	5,630	16,277
Other operating income	1,477	4,372
	<b>7,107</b>	<b>20,649</b>
Expenses	-42,281	-13,493
Results before taxes on income	-35,174	7,156
Attributable taxes on income	-805	-1,199
	<b>-35,979</b>	5,957
Loss from disposal of operation	-8,837	0
Attributable taxes on income	2,193	0
	<b>-6,644</b>	0
<b>Profit/Loss from discontinued operations</b>	<b>-42,623</b>	<b>5,957</b>

**Cash flow from discontinued operations**

In KEUR	2009	2008
Cash flow from operating activities	-3,402	483
Cash flow from investing activities	972	-1,840
Cash flow from financing activities	2,192	0
<b>Total Cash flow</b>	<b>-238</b>	<b>-1,357</b>

**Notes on 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 on the balance sheet (note 11). The consolidated cash flow statement of the previous year was adapted; the proceeds from the disposal of fixed assets (excluding financial assets) were reduced by KEUR 18,890 as they were in fact a reclassification to current assets.

**Segment reporting**

In 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." Intercompany transactions and balances between group enterprises are eliminated on consolidation. During the reconciliation of the segment assets and liabilities, intercompany receivables and liabilities are eliminated as part 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 gambling and entertainment machines.

The segment "gaming operations" consists of the operation of casinos and electronic gambling machine casinos.

The segment "betting" comprises the betting business, in particular sports, dog racing and horse racing betting.

The segment "other" essentially comprises foreign and domestic real estate management.

The comparative information of 2008 was adapted accordingly due to changes in disclosure rules during 2009.

Segment sales

2009

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
External sales	555,494	458,794	205,347	3,686	0	1,223,321
Inter-segment sales	158,127	9,096	3,215	26,498	-196,936	0
Total sales	713,621	467,890	208,562	30,184	-196,936	1,223,321

2008

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
External sales	646,444	421,437	191,484	5,612	0	1,264,977
Inter-segment sales	152,229	8,665	4,996	36,002	-201,892	0
Total sales	798,673	430,102	196,480	41,614	-201,892	1,264,977

Segment result

2009

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
Segment result (EBIT)	181,603	-777	-1,220	-2,272	8,434	185,768
Financial result						-18,073
Result before taxes						167,695
Taxes on income						-66,148
Result after taxes from continuing operations						101,546
Discontinued operations						-42,623
Profit for the year						58,923

2008

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
Segment result (EBIT)	313,478	43,142	2,565	8,635	-21,952	345,868
Financial result						-4,939
Result before taxes						340,929
Taxes on income						-104,028
Result after taxes from continuing operations						236,901
Discontinued operations						5,957
Profit for the year						242,858

## Segment assets and liabilities

## 2009

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
Segment assets	653,607	308,098	15,423	363,374	-197,785	1,142,717
Segment liabilities	218,837	111,214	12,123	20,574	-137,484	225,264

## 2008

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	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

## Other segment information

## 2009

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
Depreciation/amortization	-161,415	-55,170	-3,117	-18,236	24,468	-213,470
Investments	212,742	83,794	5,885	75,940	0	378,361
Income from associates	674	-730	0	-42	0	-98
Carrying amount of associated companies	7,412	74,706	0	4,747	0	86,865

## 2008

In KEUR	Sale and rental	Gaming operations	Betting	Other	Group adaptations	Total
Depreciation/amortization	-115,456	-42,326	-3,395	-8,787	27,586	-142,378
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

## Financial instruments

12/31/2009  
in KEUR

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	135,257					
Property, plant and equipment	679,880					
Investment property	26,376					
Investments in associated companies	86,865					
Financial assets	11,733		7,741			
Deferred tax assets	26,940					
Other non-current assets	42,128	42,128				
<b>Total non-current assets</b>	<b>1,009,179</b>	<b>42,128</b>	<b>7,741</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>						
Inventories	136,661					
Trade and other receivables	133,025	117,513				
Assets for current tax	15,622					
Short-term financial assets	5,129	4,968		161		
Cash and cash equivalents	215,838	215,838				
<b>Total current assets</b>	<b>506,275</b>	<b>338,319</b>	<b>0</b>	<b>161</b>	<b>0</b>	<b>0</b>
<b>Total ASSETS</b>	<b>1,515,454</b>	<b>380,447</b>	<b>7,741</b>	<b>161</b>	<b>0</b>	<b>0</b>
<b>Equity</b>						
Share capital	26,000					
Capital reserve	976					
Retained earnings	605,385					
Revaluation reserve acc. to IAS 39	-1,362					
Currency translation adjustment	-22,900					
Minority interest	31,523					
<b>Total equity</b>	<b>639,622</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	353,265				353,265	
Long-term provisions	21,923					
Deferred tax liabilities	24,459					
Other non-current liabilities	13,212				5,743	
<b>Total non-current liabilities</b>	<b>412,859</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>359,008</b>	<b>0</b>
<b>Current liabilities</b>						
Short-term financial liabilities	215,939				212,666	3,273
Short-term provisions	50,809					
Current tax liabilities	51,162					
Trade and other liabilities	145,063				96,875	
<b>Total current liabilities</b>	<b>462,973</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>309,541</b>	<b>3,273</b>
<b>Total LIABILITIES AND EQUITY</b>	<b>1,515,454</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>668,549</b>	<b>3,273</b>

Fair Value	Classification acc. to IFRS 7								
	Securities	Derivatives	Amortized costs		Loans	Bank and lease obligations	Accounts payable trade	Loans	Other items
			Liquid funds	Accounts receivable trade					
7,741									
					13,271				28,857
<b>7,741</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,857</b>
				91,877					25,636
161					4,440				528
			215,838						
<b>161</b>	<b>0</b>	<b>0</b>	<b>215,838</b>	<b>91,877</b>	<b>4,440</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,164</b>
<b>7,902</b>	<b>0</b>	<b>0</b>	<b>215,838</b>	<b>91,877</b>	<b>17,711</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55,021</b>
0	0	0	0	0	0	0	0	0	0
					609	203,092		149,564	
									5,743
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>609</b>	<b>203,092</b>	<b>0</b>	<b>149,564</b>	<b>5,743</b>
		3,273				212,666			
							42,810		54,065
<b>0</b>	<b>3,273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>212,666</b>	<b>42,810</b>	<b>0</b>	<b>54,065</b>
<b>0</b>	<b>3,273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>609</b>	<b>415,758</b>	<b>42,810</b>	<b>149,564</b>	<b>59,808</b>

12/31/2008  
in KEUR

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	Derivatives	Liquid funds	Accounts receivable trade	Loans	Bank and lease obligations	Accounts payable trade	Loans	Other items	
9,025									
					30,083				2,945
<b>9,025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,083</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,945</b>
				129,974					30,716
118	282				22,891				1,845
		192,414							
<b>118</b>	<b>282</b>	<b>192,414</b>	<b>129,974</b>	<b>22,891</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,561</b>
<b>9,143</b>	<b>282</b>	<b>192,414</b>	<b>129,974</b>	<b>52,974</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,506</b>
0	0	0	0	0	0	0	0	0	0
						175,011		149,332	
									2,919
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,011</b>	<b>0</b>	<b>149,332</b>	<b>2,919</b>
	1,713					76,738			
							51,830		64,406
<b>0</b>	<b>1,713</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,738</b>	<b>51,830</b>	<b>0</b>	<b>64,406</b>
<b>0</b>	<b>1,713</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>251,749</b>	<b>51,830</b>	<b>149,332</b>	<b>67,325</b>

The following hierarchy is used by NOVOMATIC AG in order to assign the financial instruments valued at fair value to a valuation method.

Step 1: valuation according to listed (unadjusted) prices on active markets for financial instruments.

Step 2: valuation according to market prices for similar instruments or according to valuation models based on valuation parameters only observable on the market.

Step 3: valuation according to parameters which significantly affect the fair value and are not based on observable market data. As of December 31, 2009 there were no financial instruments to be classified as step 3 instruments.

in KEUR	12/31/2009	Step 1	Step 2
<b>Assets</b>			
Financial assets available for sale	7,741	7,741	-
<b>Liabilities</b>			
Derivative instruments	3,273	-	3,273

The carrying amount and the fair value of financial instruments valued at amortized costs are shown as follows:

in KEUR	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Accounts receivable	91,877	91,877	129,974	129,974
Loan	17,711	17,711	52,974	52,974
Other assets	55,021	55,021	35,506	35,506
<b>Liabilities</b>				
Bond	149,564	148,170	149,332	139,885
Loan	609	609	0	0
Bank and lease liabilities	415,758	419,668	251,749	255,542
Accounts payable	42,810	42,810	51,830	51,830
Other debt	54,065	54,065	64,406	64,406

The market value of bank and lease liabilities was determined by the calculation of the discounted future cash flows related to these liabilities, taking into account the market interest rate as of the balance sheet date. The fair value of the bond refers to its respective market price.

Cash, accounts receivable and accounts payable as well as all other items mainly have short maturities. Therefore, their carrying amounts correspond with the fair value.



The following chart shows the net result per category according to IAS 39:

In KEUR 12/31/2009	Subsequent measurement			Disposal	
	Allowances	At fair value	Other results	Results	Net results
Loans and receivables	-24,077	-	-	-	-24,077
Derivative instruments	-	-1,240	1,214	-	-26

In KEUR 12/31/2008	Subsequent measurement			Disposal	
	Allowances	At fair value	Other results	Results	Net results
Loans and receivables	-11,620	-	-	-24,077	-11,620
Derivative instruments	-	1,484	-	-	1,484

## Financial risk management

NOVOMATIC AG controls and manages the financial risks connected to the business segments of the group with the objective of limiting 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, analysis 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 management of the group.

## Liquidity risk

The liquidity or financing risk is the risk of the company to remain solvent (through its own means or through investors) at any time as to fulfill due obligations in time, to have the possibility to get necessary financial means from investors or give aval or similar credits. Furthermore, there is an extensive need for liquid funds in the gambling industry, especially for cash in the group's gambling establishments. A major part of the stated cash is tied up as cash reserves and base filling of the gambling machines at the various gambling establishments.

NOVOMATIC AG pursues the international diversification of its investor base. The relationships with international banks and financial service providers are being intensified. In addition to the traditional loan financing and because of the increasing credit volume, financing via the capital market has grown in importance.

Due to the conservative debt management of the group, the liquidity risk is limited. Nevertheless, NOVOMATIC AG places an additional focus on liquidity risk and its control with regard to the current financial crisis and the attendant credit crunch. Liquidity and financial flexibility at all times is granted through the existent liquid funds and the available financing margin.

In April 2009, NOVOMATIC AG raised a revolving usable loan facility in the amount of EUR 188,500,000. This loan facility and a syndicated loan of EUR 100,000,000 (2007) serve as a liquidity-back-stop facility.

Furthermore, NOVOMATIC AG used the beneficial capital market environment at the end of 2009/beginning of 2010 to issue a domestic bond with a nominal value of KEUR 200,000. Especially private investors demanded the bond. Revenues from the sale of the bond are primarily used to optimize the financial structure in order to create new credit lines for potential investments and acquisitions and, secondly, for direct investments and acquisitions.

NOVOMATIC AG Group's investment strategy is based exclusively on the cooperation with banks and financial service providers with an excellent rating in order 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, credit relationships with banks and business partners with high creditworthiness predominate. Additionally, the immanent default risk of underlying transactions is collateralized as far as possible through bank securities (e.g. guarantees, commercial letters of credit).

In the sales business, the group is exposed to credit risk as customers might not fulfil their payment obligations. The risk is limited by regularly analyzing the creditworthiness of the customer portfolio. Owing to a multitude of business partners, there is no concentration of default risk.

The following table shows the contractually fixed payments for clearances, redemptions and interest from financial liabilities including derivative financial instruments stated in the consolidated balance sheet as of December 31, 2009. Derivative instruments are shown at their market value whereas other liabilities are shown in the amount of the non-discounted cash flows for the following business years:

In KEUR	2010	2011-2014
Bond	5,625	160,313
Bank loans	210,320	111,523
Lease liabilities	5,198	16,795
Accounts payable	42,810	0
Derivative financial instruments	3,273	0
Other payables	54,065	0

## Market risk

### a) Interest rate risk

In the context of external financing activities as well as its assessment strategy, the NOVOMATIC AG Group is exposed to an interest rate risk. The development of interest rates can have a direct positive or negative effect on the value of financial instruments, on one hand, or on the resulting interest income/loss on the other.

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 are concluded to minimize the cluster risk.

Derivative financial instruments are concluded exclusively for the purpose of collateralizing underlying transactions and not out 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, effects on the interest income from bank deposits bearing variable interest and effects on compensatory payments of derivatives were taken into account.

In KEUR	2009		2008	
	+50 basis points	-50 basis points	+50 basis points	-50 basis points
Change in the profit before taxes	-468	+468	-280	+280

**b) Exchange risk**

The risk resulting from fluctuations in the 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 resides predominantly in business transactions conducted in currencies other than the local currency of an entity (here after referred to as foreign currency) or in regular business activity.

The major part of the group transactions is carried out in euros 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 as well as for NOVOMATIC AG for its investment volumes in USD in Chile. 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. Parts of the current need for USD of the NOVOMATIC AG and Austrian Gaming Industries GmbH are secured by means of futures.

As of the balance sheet date, the financial liabilities of NOVOMATIC Group bear interest mainly in euros, so that no essential exchange risk prevails in that area.

The following chart is based on reasonable judgment and shows the effect of possible exchange rate fluctuations of +/- 0.10 US dollar to euro on the profit before taxes and on equity.

In KEUR	2009		2008	
	+ 10 USD cents	- 10 USD cents	+ 10 USD cents	-10 USD cents
Exchange rate fluctuation, USD to EUR				
Change in operating profit	3,054	-3,524	7,394	-8,468
Change in equity	2,291	-2,643	5,546	-6,351

**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 consist mainly of stocks traded at the Vienna Stock exchange that were affected by the global price fluctuations in the period under report.

For the acquisition projects in Western Europe (Austria and Italy) and southeastern Europe (Albania), put options were concluded for the purchase of not yet acquired interests in the companies. When exercising this option, NOVOMATIC AG is obliged to acquire the interest at the predetermined price. The risk consists in the possibility of the market value of the investment being lower than the purchase price.

In June 2009, NOVOMATIC AG invested EUR 1,000,000 in participation capital of an Austrian credit institution. The risk consists in potential default on yearly interest payments in the case that there is no disburseable profit, meaning that the principle cannot be reimbursed maturity.

In the reporting period of 2009, stock in Octavian Global Technologies Inc. was sold. In order to calculate the market value and selling price, the investment was subjected to an internal evaluation. There is a risk that the calculated selling price differs from the current market value.

There were no significant further events in 2009.

## Financial instruments

To collateralize financial risks, NOVOMATIC AG has concluded the following derivatives:

in KEUR	12/31/2009		12/31/2008	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap, 2004–2009 (terminated 30 September 2009)	n/a	n/a	2,000	-16
Interest rate swap, 2007–2014	30,000	-2,708	30,000	-1,698
Interest rate swap, 2006–2012	n/a	n/a	30,000	182
Interest rate swap, 2007–2012	n/a	n/a	30,000	100
USD futures trading 01/16/09–09/16/09 (terminated 16 September 2009)	n/a	n/a	31,938	1,237
USD Ratio-Forward-Strip 08/15/08–09/13/09 (ended 13 September 2009)	n/a	n/a	12,775	310
Forward Start IRS, 2010–2014	30,000	-565	n/a	n/a
USD futures trading 01/13/10–06/11/10	24,414	151	n/a	n/a

Owing to the favourable interest development at the beginning of 2009, the interest rate swaps for 2006-2012 and 2007-2012, amounting to KEUR 30,000 each (market value as of December 31, 2008: KEUR 182 and KEUR 100), were sold at prices of KEUR 572 and KEUR 642, respectively, before maturity.

The market value of the derivative instruments corresponds with the amount that the respective company would receive or would have to pay in case of cancellation of the option as of the balance sheet date. For this, the prevailing market conditions and especially the prevailing interest levels are taken into account.

## Other information

### Average number of employees

The average number of employees evolved as follows:

	12/31/2009	12/31/2008
Salaried employees	3,549	3,926
Hourly workers	6,782	4,939
<b>Total</b>	<b>10,331</b>	<b>8,865</b>

### Group audit fees

In 2009, the expenses for services of the group auditor (including the network according to sec. 271b of the Austrian Company Code) present themselves as follows:

In KEUR	2009
Group audit and audit of financial statements	746
Tax advisory services	15
Other consultancy	200

## Related party transactions

The following table contains the total amount of related party transactions for the respective period:

In KEUR	Associated companies		Management		Others	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Receivables	1,765	5,591	0	0	7,263	17,767
Liabilities	11	0	28	292	89	4,853
Loans receivable	0	8,087	0	0	0	0
Other liabilities	0	0	0	0	0	2,398
Sales	5,448	8,228	19	0	19,819	31,706
Cost of material	0	0	0	0	24,900	66,855
Consulting services	0	0	96	242	1,668	1,107
Research and development	0	0	0	0	21,819	2,668
Other expenses	997	833	0	0	1,508	2,921

Transactions with associated companies result from the business-related exchange of goods and services. Associated companies are mentioned under the scope of consolidation.

The item 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, the 100% interest in NMN Automatentechnik GmbH was acquired at a price of KEUR 7,500 from other related parties. As of January 1, 2009 the interest in Novo Poland sp.z.o.o. and Techno Invest sp.z.o.o. was sold to other related parties at a price of KEUR 8,200.

Accounts receivable are unsecured and are settled in cash. Guarantees were neither given nor received.

## Contingent liabilities

In KEUR	12/31/2009	12/31/2008
Bill commitments	1,882	270
Suretyships and guarantees	1,140	35,179
<b>Total</b>	<b>3,022</b>	<b>35,449</b>

The group granted a payment guarantee until January 31, 2010 against UniCredit Bank Austria AG amounting to KEUR 1,000 (previous year: KEUR 1,000) for Mega Games srl. Bozen in favor of Atlantis World Group of Companies N.V. Netherlands.

**Subsequent events after date of balance sheet**

NOVOMATIC AG issued an Austrian domestic bond with a nominal value of KEUR 200,000 in January 2010. The term of the bond amounts to 5 years and the interest rate is 4.5% p.a. Revenues from the sale of the bond are used primarily to optimize the financial structure in order to create new credit lines for potential investments and acquisitions and, secondly, for direct investments and acquisitions.

On January 15, 2010, the NOVOMATIC Group acquired a 70% interest in Greentube I.E.S. GmbH at an acquisition price of KEUR 7,600. Greentube I.E.S. GmbH is specialized in the development of online gaming solutions and has an outstanding reputation in the area of browser-based games of skill. Statements regarding purchase price allocation are omitted since this has not yet been finalized.

On February 27, 2010, a massive earthquake took place in Chile. The casino "Monticello," operated through a joint venture, is situated directly in the area affected by the earthquake. The buildings (casino, hotel, retail area) suffered several damage. The casino-resort remains closed for the time being. The long-term effects of the earthquake on the intrinsic value of the investments can only be roughly estimated since the effects on the Chilean economy as a whole and on the related gambling industries can hardly be appraised. NOVOMATIC Group expects that this calamity will not substantially endanger the intrinsic value of the casino project, thanks both to the insurance coverage as well as to the experience of the Chilean population with earthquakes.

### Company bodies

The following members of the executive board were appointed for the 2009 business year:

Dr. Franz Wohlfahrt (CEO)

KR Dipl. Ing. Ryszard Presch (COO)

Mag. Peter Stein (CFO)

In the 2009 business year, the supervisory board was constituted by the following members:

KR Herbert Lugmayr (chairman)

Dr. Gernot Hain (deputy chairman)

Helmut Jell

Mag. Karl Schlögl

Mag. Thomas Graf (beginning September 3, 2009)

Dr. Bernd Oswald (beginning September 3, 2009)

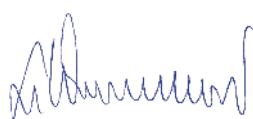
Ongoing total remuneration of the members of the executive board of NOVOMATIC AG amounted to KEUR 984 for the business year of 2009 (previous year: KEUR 1,123). Of the expenses for severance payments and pensions, KEUR 196 (previous year: KEUR 158) and KEUR 255 (previous year: KEUR 232), respectively are attributed to the board of management.

The members of the supervisory board received KEUR 133 (previous year: KEUR 120) for their function in the business year 2009. The ongoing total remuneration of the supervisory board amounted to KEUR 43 (previous year: KEUR 0) in 2009.

No liabilities for loans to members of the supervisory board and the board of management existed in the business year 2009.

Gumpoldskirchen, April 21, 2010

The executive board of NOVOMATIC AG



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO

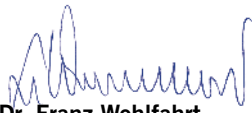
## Statement of the executive board

We confirm to the best of our knowledge that the consolidated financial statements as of December 31, 2009 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, 2009 gives a true and fair view of the development and performance of the business and the position of the group, complete 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, 2009 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 31 December 2009 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 the principal risks and uncertainties that the company faces.

Gumpoldskirchen, April 21, 2010

The executive board of NOVOMATIC AG:



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO



# Auditor's Report

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NOVOMATIC AG, Gumpoldskirchen, for the fiscal year from January 1, 2009 to December 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2009, the consolidated income statement and the statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2009, and the notes to the consolidated financial statements.

### **Management's responsibility for the consolidated financial statements and for the accounting system**

The company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as well as with Austrian regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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 under the circumstances.

### **Auditor's responsibility and description of type and scope of the statutory audit**

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.

Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 the 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. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of December 31, 2009, and of its financial performance and its cash flows for the fiscal year from January 1, 2009 to December 31, 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as well as with Austrian regulations.

**Comments on the Management Report for the Group**

Pursuant to statutory provisions, the Management Report for the group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the group's position. The auditor's report also has to contain a statement as to whether the Management Report for the group is consistent with the consolidated financial statements and whether the disclosures pursuant to section 243a of the Austrian Commercial Code are appropriate.

In our opinion, the Management Report for the group is consistent with the consolidated financial statements. The disclosures pursuant to section 243a of the Austrian Commercial Code are appropriate.

Vienna, April 21, 2010

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Christoph Waldeck m.p.

Austrian Certified Public Accountant

This English translation of the audit report was prepared for the client's convenience only. It is not a legally binding translation of the German audit report.

The consolidated financial statements together with our auditor's report may only be published or transmitted if the consolidated financial statements and the Management Report for the Group are identical with the confirmed version. Section 281 para 2 of the Austrian Company Code applies to differing versions.

# Financial Statement

## NOVOMATIC AG

# Balance Sheet

## NOVOMATIC AG

as of Dezember 31 2009

Assets	12/31/2009 EUR	12/31/2008 KEUR
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
Industrial property rights, licenses and similar rights	21,227,761.13	18,597
<b>II. Tangible assets</b>		
1. Land, buildings and improvements to third-party buildings	172,285,650.94	104,611
2. Plants and machinery	168,266.63	181
3. Office fixtures, fittings and equipment	2,266,654.95	786
4. Tangible assets in course of construction	1,080,803.14	21,585
	<b>175,801,375.66</b>	
<b>III. Financial assets</b>		
1. Shares in affiliated companies	208,229,735.19	192,728
2. Loans to affiliated companies	148,302,337.23	45,040
3. Investments	3,738,607.00	3,739
4. Securities held as fixed assets	5,285,837.55	2,632
5. Other loans	4,891,798.37	5,021
	<b>370,448,315.34</b>	
	<b>567,477,452.13</b>	<b>394,920</b>
<b>B. Current assets</b>		
<b>I. Receivables and other assets</b>		
1. Trade receivables	384,179.26	303
2. Receivables from affiliated companies	131,613,156.10	150,131
3. Other receivables and assets	2,498,710.66	15,739
	<b>134,496,046.02</b>	
<b>II. Securities and shares</b>		
Other securities and shares	2,033.30	14
<b>III. Cash, bank deposits</b>	<b>19,611,416.44</b>	<b>19,243</b>
	<b>154,109,495.76</b>	<b>185,430</b>
<b>C. Prepaid expenses</b>		
1. Prepaid expenses	855,788.23	
2. Deferred tax assets	1,352,451.26	
	<b>2,208,239.49</b>	<b>2,216</b>
	<b>723,795,187.38</b>	<b>582,566</b>

Liabilities	12/31/2009 EUR	12/31/2008 KEUR
<b>A. 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 125,332,274.42; previous year: KEUR 84,157)	150,994,681.71	165,332
	<b>179,594,681.71</b>	<b>193,932</b>
<b>B. Untaxed reserves</b>		
Valuation reserve from special depreciation allowances	<b>154,066.06</b>	<b>152</b>
<b>C. Accruals</b>		
1. Accruals for severance payment	1,123,171.00	867
2. Pension accruals	922,971.00	712
3. Tax accruals	3,931,314.98	2,156
4. Tax accruals	3,666,514.14	2,432
	<b>9,643,971.12</b>	<b>6,167</b>
<b>D. Liabilities</b>		
1. Bonds	150,000,000.00	150,000
2. Due to banks	372,517,546.85	202,315
3. Trade payables	4,411,805.32	11,299
4. Payables to affiliated companies	1,479,014.47	632
5. Other liabilities		
a) thereof taxes	7,240.59	8
b) thereof social security	42,837.77	37
c) other	4,125,841.67	18,024
	<b>532,584,286.67</b>	<b>382,315</b>
<b>E. Deferred income</b>		
Deferred income	<b>1,818,181.82</b>	0
	<b>723,795,187.38</b>	<b>582,566</b>
<b>Contingent liabilities</b>	<b>40,166,459.40</b>	<b>54,807</b>

# Profit and Loss Account

from January 1, 2009 to December 31, 2009

	2009	2008
	EUR	KEUR
1. Sales	34,471,637.56	34,277
2. Other operating income		
a) Income from the disposal of fixed assets except financial assets	0.00	75
b) Income from dissolution of accruals	94,792.03	25
c) Other	963,776.32	722
	<b>1,058,568.35</b>	
3. Personnel expenses		
a) Salaries	-2,653,254.95	-2,491
b) Expenses for severance payments and contributions to external severance payments funds	-288,409.06	-202
c) Pension expenses	-209,489.67	-135
d) Cost of statutory social security, payroll-related taxes and mandatory contributions	-480,760.52	-440
e) Other social expenses	-51,961.27	-54
	<b>-3,683,875.47</b>	
4. Amortization of intangible assets and depreciation of tangible assets	-12,543,966.22	-8,955
5. Other operating expenses		
a) Taxes not included in line 15	-97,088.89	-221
b) Other	-19,466,700.63	-17,234
	<b>-19,563,789.52</b>	
<b>6. Operating income (subtotal of lines 1 to 5)</b>	<b>-261,425.30</b>	<b>5,367</b>
7. Investment income (thereof from affiliated companies: EUR 35,710,000.00; previous year: KEUR 81,400)	36,445,983.00	81,983
8. Income from other investments and long term loans (thereof from affiliated companies: EUR 2,464,333.52; previous year: KEUR 1,923)	2,818,988.00	2,218

	2009	2008
	EUR	KEUR
9. Other interest and similar income (thereof from affiliated companies: EUR 3,363,252.19; previous year: KEUR 2,245)	5,612,226.69	8,695
10. Gain from disposal of and attribution to financial assets and securities held as current assets	9,424,155.75	0
11. Expenses from financial assets and securities held as current assets (thereof depreciation: EUR 13,099,759.35; previous year: KEUR 3,641) (thereof from affiliated companies: EUR 13,087,883.15; previous year: KEUR 0)	-13,099,759.35	-3,690
12. Interest and similar expenses (thereof from affiliated companies: EUR 8,498.96; previous year: KEUR 58)	-16,223,078.14	-16,263
<b>13. Financial result (subtotal of lines 7 to 12)</b>	<b>24,978,515.95</b>	<b>72,943</b>
<b>14. Results from ordinary activities</b>	<b>24,717,090.65</b>	<b>78,310</b>
15. Taxes on income (thereof tax apportionment EUR 4,252,716.66; previous year KEUR 4.834)	947,453.03	2,853
<b>16. Net income for the year</b>	<b>25,664,543.68</b>	<b>81,163</b>
17. Dissolution of untaxed reserves Evaluation reserve from special depreciation allowances	14,150.96	15
18. Allocation to untaxed reserves Evaluation reserve from special depreciation allowances	-16,287.35	-3
<b>19. Net profit for the year</b>	<b>25,662,407.29</b>	<b>81,175</b>
20. Profits carried forward from previous year	125,332,274.42	84,157
<b>21. Retained profits</b>	<b>150,994,681.71</b>	<b>165,332</b>

# Notes on the 2009 financial statements

NOVOMATIC AG

## I. Accounting and Valuation Methods

The annual accounts were prepared in compliance with the relevant requirements and generally accepted accounting principles in order to present a true and fair view, in all material respects, of the financial position and results of the operations.

The principles of completeness and non-arbitrariness were applied. Valuation followed the principles of adequate and orderly accounting as well as the assumption of a going concern, and was based upon the valuation methods applied to last year's annual accounts, unless changes in the valuation methods are explicitly stated for the individual item. Assets and liabilities were assessed individually at balance sheet date.

In accordance with the principle of prudence, only profits realized as of balance sheet date are shown, and all apparent risks and impending losses that incurred during the current period or previous periods were considered.

The profit and loss statement was prepared according to the total expenditure format. Items of the balance sheet or the profit and loss statement showing a zero balance for the current and the previous period were not listed according to section 223 para 7 of the Austrian Company Code.

The intangible assets, only if acquired against payment, as well as the tangibles were stated at cost of acquisition or production less the scheduled depreciation corresponding to the expected useful life and less a potentially necessary extraordinary depreciation. Through the allocation to a valuation reserve according to section 205 para 1 of the Austrian Company Code, low-value items are completely written off in the year of their acquisition or production.

Receivables and other assets were stated at face value less necessary allowances. Overdue receivables were discounted and, for bad debts, a lump sum value adjustment was allowed.

In accordance with the principle of prudence, all identifiable risks and all liabilities of uncertain amount or origin were accounted for setting up accruals according to reasonable commercial judgement.

Liabilities were valued at their redemption amounts. Liabilities in foreign currency were valued at the foreign exchange rate offered at the balance sheet date or at a higher purchase rate at the date of transaction.



## II. Explanations concerning the Balance Sheet

### Assets

#### A. Fixed assets

##### 1. Tangible and intangible assets

Fixed assets are stated at cost of acquisition or production less planned linear depreciation corresponding to estimated useful life.

The development of each item in the fixed assets and the breakdown of the annual depreciation are shown in the fixed assets schedule.

##### 1.1. Intangible assets

Intangible assets are stated at acquisition cost less ordinary linear amortisation assuming a useful life of 4–10 years.

Additions of about KEUR 9,696 primarily concern specific software rights which were acquired or developed by Austrian Gaming Industries GmbH, an affiliated company.

The book values of intangible assets acquired from affiliated companies add up to KEUR 16,289 (previous year: KEUR 12,899).

##### 1.2. Tangible assets

The real estate value of built-up and undeveloped land amounts to KEUR 41,616 (previous year: KEUR 29,307).

Other tangible assets are stated at cost of acquisition or production, less ordinary linear depreciation (spread over 25 to 50 years for buildings, and 4 to 10 years for movable assets and structural investments). Low-value items such as factory and office equipment were capitalized through the allocation to a valuation reserve according to section 205 para 1 of the Austrian Company Code.

The essential additions are the completion of the new headquarters in Gumpoldskirchen and opening of the Novomatic Forum in Vienna opposite the Secession which serves as platform for art and culture, after its renovation.

**2. Financial assets**

Financial assets are valued at acquisition costs.

Securities are valued at acquisition costs or at lower market values as of the balance sheet date.

Depreciation of book values of domestic and foreign investments will be applied in cases of:

- a persistent deterioration of earnings, and/or
- a necessity for support from the shareholder, and/or
- deficient means and measures on the occasion of the acquisition, and/or
- reorganization measures that will not result in substantial profits in the foreseeable future and represent deficiencies that can't be eliminated anytime soon, and/or
- losses that can no longer be absorbed by the affiliated company alone.

Depreciation will not be applied in case of mere start-up losses.

Additions to the shares in affiliated companies amounting to approximately KEUR 25,221 are mainly due to the capital increases of KEUR 15,000 at an Italian subsidiary, the acquisition of a domestic company for KEUR 7,464 and the capital increase in the amount of KEUR 2,028 at an Estonian subsidiary.

Impairment of shares in affiliated companies applied to AS Novoloto in Estonia with KEUR 13,088 in the fiscal year. For further details concerning the shares in affiliated companies, please refer to point IV.

Loans granted to affiliated companies amount to KEUR 148,302 (previous year: KEUR 45,040). This increase results from loans to subsidiaries with a promising growth prospect.

Other loans with acquisition costs amounting to KEUR 5,661 (previous year: KEUR 5,791) remained essentially unchanged. Value adjustments of KEUR 769 (previous year: KEUR 769) remained unchanged.

From loans granted to affiliated companies an amount of KEUR 9,671 (previous year: KEUR 7,587) is due within one year.

## B. Current assets

### 1. Accounts receivable and other assets

#### 1.1. Trade receivables

Accounts receivable and other assets are stated at face value. In cases of apparent individual risks, the probable recoverable amount was applied. Receivables are – as in the previous year – due within one year.

#### 1.2 Receivables from affiliated companies

Receivables from affiliated companies concern, in particular, allocations in the amount of KEUR 108,684 with the subsidiary Austrian Gaming Industries GmbH. This balance includes KEUR 20,000, which is the concluded distribution of profit for 2009 which has not yet been disbursed.

Intra-company receivables are managed on an open item basis at an interest rate of 3% to 5%. Interest earnings are included in the financial result. The receivables from affiliated companies consist of trade receivables in the amount of KEUR 2,093 (previous year: KEUR 3,300).

The remaining time to maturity of the receivables – as in the previous year – is less than one year.

#### 1.3 Other receivables and assets

Other significant receivables and assets amount to KEUR 2,499 (previous year: KEUR 15,739) and concern allocations with tax authorities. Other receivables in the amount of KEUR 89 (previous year: KEUR 89) are due in more than one year.

## C. Prepaid expenses

Prepaid expenses, amounting to KEUR 2,208, consist essentially of deferred tax assets, a capitalized discount and expenditures having to do with the year 2010.

## Equity and liabilities

### A. Equity

As in the previous year, the capital stock of the company amounts to KEUR 26,000.

Capital reserves tied-up amounting to KEUR 976 and legal reserves amounting to KEUR 1,624 remained unchanged, whereby the total appropriate reserves – amounting to KEUR 2,600 – correspond with 10% of the capital stock as required by law.

### B. Untaxed reserves

The valuation reserve concerns low-value assets according to section 13 of the income tax law and a reserve according to section 12 of the income tax law (EStG). For information regarding the development of untaxed reserves, please refer to the enclosed supplement.

### C. Accruals

With respect to the principle of prudence, all identifiable risks and liabilities of uncertain amount and origin on the balance sheet date were accounted for by setting up accruals according to reasonable commercial judgement.

The accruals for severance payments were calculated applying actuarial principles according to the regulations of IAS 19 using the projected unit credit method assuming a discount rate of 5.5% (prior year 5.5%) and a pay increase of 3%. The minimum legal retirement age according to ASVG-regulations was taken into consideration. Deductions based on fluctuations or other circumstances were not included.

The expenses for severance payments, at KEUR 256 (previous year: KEUR 176), concern changes in accruals for severance payments.

Due to irrevocable pension commitments, a pension accrual was allowed for. The calculation was conducted applying actuarial principles in accordance with the regulation of IAS 19 using the projected unit credit method and assuming an interest rate of 5.5% (prior year 5.5%) and value adjustments of 3%. Pension expenses, at KEUR 209 (previous year: KEUR 135), refer the changes in accruals.

Other accruals consist of those for auditing and consulting fees, for expenses for annual reports, for interest rate swap deals, for unconsumed vacation and for jubilee payments. Accruals for jubilee payments were also calculated in line with actuarial principles according to the regulations of IAS 19 using the projected unit credit method and assuming a discount rate of 5.5% (prior year 5.5%) and a pay increase of 3%. Expenses for the audit of the financial statements are disclosed in the notes on the consolidated financial statements. The accruals for unused vacation are calculated under the assumption of a divider of 18 working days per month.

We refer to the enclosed supplement showing the development of accruals.

The accrual for the deferred tax liability amounting to KEUR 3,929 (previous year: KEUR 2,154) was recognized for the first time, and results from the allocation of losses from the tax group members pursuant to section 9 of the Austrian Corporation Income Tax Law (KStG), which are taxable retrospectively in Austria in case of loss deduction under the foreign tax authority. Because of the differing maturities, this deferred tax liability was not netted with the deferred tax assets (which are specified separately as prepaid expenses).

## D. Liabilities

### Maturity

In KEUR	Total liabilities with maturity in less than 1 year	Total liabilities with maturity in 1 to 5 years	Total liabilities with maturity in over 5 years
Bond	0	150,000	0
(previous year)	0	150,000	0
Due to banks	192,115	74,304	106,098
(previous year)	52,597	65,505	84,213
Trade payables	4,412	0	0
(previous year)	11,299	0	0
Payables to affiliated companies	1,186	293	0
(previous year)	348	284	0
Other liabilities	4,175	0	0
(previous year)	18,069	0	0

In the year 2005, a bond amounting to KEUR 150,000 was issued for the first time with a maturity of 7 years and bearing interest of 3.75% p.a. This bond, supported further growth in the areas development, production and operation of gambling houses.

Payables to affiliated companies amounting to KEUR 837 (previous year: KEUR 284) concern other liabilities. Of the other liabilities, expenses in the amount of KEUR 3,363 will be affecting payment only after the balance sheet date.

**E. Contingent liabilities**

At balance sheet date, there are contingent liabilities amounting to KEUR 40,166 (previous year: KEUR 54,807); of these, an amount of KEUR 33,051 (prior year KEUR 20,833) concerns affiliated companies.

Contingent liabilities comprise comfort letters or guarantees for bank loans as well as deficiency guarantees for affiliated companies, and are composed as follows:

**a) Guarantees and other commitments**

Bank	Beneficiary	Collateral	Highest level in KEUR	Amount as of 12/31/2009 in KEUR
UniCredit Vienna	Admiral Sportwetten GmbH	Comfort letter	3,363	469
BAWAG	Admiral Sportwetten GmbH	Comfort letter	1,000	472
UniCredit Vienna	Austrian Gaming Industries GmbH	Comfort letter	1,526	3
Oberbank	Admiral Sportwetten GmbH	Comfort letter	370	1
		Deficiency guarantee in favour of		
	HTM Hotel und Tourismus Management GmbH	D. Pirker	630	249
		G. Pirker	210	83
Allg. Sparkasse OOE	Admiral Sportwetten GmbH	Comfort letter	1,000	366
Raiffeisenlandesbank NOE-Wien AG	Admiral Sportwetten GmbH	Comfort letter	2,280	1,051
Welsh Assembly Government	Astra Games Ltd.	Guarantee	1,515	132
National Westminster Bank Plc	Astra Games Ltd.	Guarantee	1,683	745
Landesbank Baden-Württemberg	Extra Games Entertainment GmbH	Comfort letter	3,750	2,822
UniCredit Vienna	Crown Gaming S.A.C.	Guarantee	13,883	13,883
	Adria Gaming Services srl	Guarantee in favor of Gamenet S.p.A.	11,250	11,250
Hypo Vereinsbank	Novo Immobilien GmbH	Suretyship	1,525	1,525
UniCredit Vienna/ Banco Security, Chile	San Francisco Investment S.A.	Bank guarantee	3,644	3,644
UniCredit Vienna/ Banco Security, Chile	San Francisco Investment S.A.	Bank guarantee	3,471	3,471
Total				40,166

**b) Off-balance-sheet transactions**

On March 31, 2010 a letter of comfort was issued to the English subsidiary Astra Games Ltd.

**c) Information regarding the nature of created physical securities**

Nature of the created physical security	Number of contribution	Cadastre	Amount in KEUR
Mortgage as security for a loan	3,184	Mödling	3,000

**F. Other financial liabilities**

Liabilities from current lease contracts comprise:

	Due within 1 year in KEUR	Due within 5 years in KEUR
Liabilities from current lease contracts	1,142	5,328
(previous year)	1,127	5,637

### III. Explanations concerning the Profit & Loss Account

#### 1. Breakdown of sales

##### 1.1. Areas of activity

	Reporting period in KEUR	(previous year) in KEUR
Income from trademarks and licences	10,843	14,279
Group charges	6,868	8,826
Provision of personnel	1,973	699
Income from rental and absorbed op. exp.	14,782	10,473
	34,472	34,277

##### 1.2. Geographical areas

	Reporting period in KEUR	(previous year) in KEUR
Income, domestic	30,803	30,545
Income, third country (EU)	3,669	3,732
	34,472	34,277

#### 2. Taxes on income

Taxes only affect profit or loss from ordinary activities.

NOVOMATIC AG is taking the opportunity to form a tax group pursuant to section 9 of the Austrian Corporation Income Tax Law (KStG):

Group members are:

- HTM Hotel- und Tourismus Management GmbH, Austria
- Adria Gaming International S.p.A., Italy
- AS Novoloto, Estonia
- NOVOMATIC Investment Chile S.A., Chile

In the tax apportionment contract with the domestic tax group member, negative as well as positive tax apportionments within the tax group were stipulated. The profits allocated by the tax group member to the parent company are, depending on the usability of the losses, to be compensated with 21.5% or 25% (tax rate pursuant to section 22 para 1 of the Austrian Corporation Income Tax Law [KStG]) by the tax group member. A symmetrical agreement exists for the allocated losses, whereas losses that cannot be allocated are to be credited as “internal tax loss carried forward” if they are usable with 21.5% of the assessment basis.

In case of retirement from the tax group, negative – not yet allocated – results of the tax group member are to be settled in the amount of 21.5% of the assessment basis in course of the final reconciliation.

No tax apportionment contracts were concluded with the foreign group members.

In detail the item "taxes on income" presents itself as follows:

	in KEUR
Corporate income tax expense, 2009	1.144
Corporate income tax expense for deferred taxes	1.589
Foreign withholding tax expense	572
Income from tax apportionment "tax group"	-4.253
<b>Total</b>	<b>-947</b>

#### IV. Specifications of Essential Investments

Company, domicile	Share	Book value as of 12/31/09	Equity	Annual result
Adria Gaming International SpA, Rimini (Italy)	100%	30,000,000	28,403,270	-1,119,256
Albaten Sh.p.k. (Albania)	100%	529,021	673,515	-3
Austrian Gaming Industries GmbH, Gumpoldskirchen (Austria)	100%	164,039,397	469,747,242	91,092,538
HTM Hotel- u. Tourismus Management GmbH, Gumpoldskirchen (Austria)	100%	1,072,607	50,168,176	17,495,863
NMN Automatentechnik GmbH (Austria)	99%	7,464,234	6,012,745	169,578
NOVOMATIC Casino u. Automatentechnik GmbH, Berlin (Germany)	100%	0	-1,784,618	-40,485
Novomatic Forum GmbH (Austria)	100%	811,881	787,759	-11,887
NOVOMATIC Investment Chile S.A., Santiago (Chile)	100%	1,244,879	-1,898,419	4,159,651
NOVOMATIC Namibia (Pty) Ltd., Windhoek (Namibia)	100%	63,613	687,404	410,982
Novo Nevada Inc., Nevada (USA)	100%	4,103	3,463	0
Novo Immobilien GmbH, Bingen/Rhein (Germany)	99.8%	3,000,000	3,930,730	290,455
AS Novoloto, Tallinn (Estonia)	100%	0	3,256,406	-5,255,645
SIM Spielbanken Investitions- und Management GmbH, Frankfurt (Germany)	49%	12,581	58,940	5,722
SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & Co.KG, Frankfurt (Germany)	49%	3,251,026	7,696,406	969,109
Pratergarage Errichtungs- und Betriebsgesellschaft mbH (Austria)	47.5%	475,000	989,820	-9,444

Statements concerning intra-group relationships are omitted according to section 241 para 3 of the Austrian Company Code.

#### V. Information on Financial Instruments

With regard to the issuance of a bond in October 2005, an interest rate swap with a nominal value of KEUR 150,000 and maturity date October 11, 2012 was concluded in August 2005, in order to hedge this interest level for the whole term of the bond. The effective interest rate of the bond amounts app. 4%. The present value including interest amounts to minus KEUR 1,102 as of December 31, 2009.

To hedge variable interest rates another interest rate swap with a nominal value of KEUR 30,000 and a maturity date of October 11, 2012 was concluded on March 17, 2006. The swap deal was terminated as of February 19, 2009. Sales proceeds amounting to KEUR 641 were realized.

Furthermore, an additional interest rate swap with a nominal value of KEUR 30,000 and maturity date October of 11, 2012 was concluded on October 11, 2007. This swap deal was also terminated on February 19, 2009. Sales proceeds amounted to KEUR 571.

On April 12, 2007, one more interest rate swap with a nominal value of KEUR 30,000 and maturity date April 16, 2014 was concluded. Its present value including interest amounts to minus KEUR 2,708 as of December 31, 2009.

For the further hedging of the interest level, an interest rate swap with a nominal value of KEUR 30,000 and maturity date of May 7, 2014 was concluded on May 6, 2009. Its present value including interest amounts to minus KEUR 565 as of December 31, 2009.

The market value corresponds to the amount payable or receivable at balance sheet date should the contract be cancelled. Past cash flows (interest payments) are not taken into account. Future cash flows from variable payments as well as discount rates are determined in line with approved financial mathematical methods.

## **VI. Mandatory Information About Management and Employees**

### **1.1. Average number of employees during the business year**

Number of employees      24 (previous year: 22)

### **1.2. Members of the board of directors and the supervisory board during the business year**

Board of Directors:      Dr. Franz Wohlfahrt, chairman  
  
                                  KR Dipl. Ing. Ryszard Presch, deputy chairman  
  
                                  Mag. Peter Stein, CFO

Supervisory Board:      KR Herbert Lugmayr, chairman  
  
                                  Dr. Gernot Hain, deputy chairman  
  
                                  Helmut Jell, member  
  
                                  Mag. Karl Schlögl, member  
  
                                  Mag. Thomas Graf (since 09/03/2009), member  
  
                                  Dr. Bernd Oswald (since 09/03/2009), member

### **1.3. Other information**

During the 2009 business year, gross payments in the amount of EUR 869,374.97 were made to members of the board of directors. No advances, loans or liabilities were granted to members of the board of directors. Payments made to members of the supervisory board during the business year amount to EUR 132,500.00.

Expenses for severance payments and pensions were incurred by the members of the board of directors in the amount of EUR 205,734.00 and EUR 209,489.67, respectively.



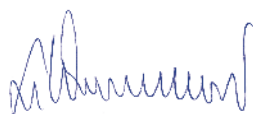
## VII. Special Information on shareholding Companies

The capital stock of EUR 26,000,000.00 is split between the following bearer shares:

Number of shares	Nominal value per share in KEUR	Total amount in KEUR
18	1,000	18,000
68	100	6,800
120	10	1,200
Total		26,000

Gumpoldskirchen, April 21, 2010

NOVOMATIC AG



**Dr. Franz Wohlfahrt**  
CEO



**KR DI Ryszard Presch**  
COO



**Mag. Peter Stein**  
CFO

## A. Fixed Assets

	Balance as of Jan 1, 2009	Additions	Costs		Balance as of Dec 31, 2009
			Reclassification	Disposals	
<b>I. Intangible assets</b>					
1. Concessions, industrial property rights and similar rights and values					
Rights	8,875,702.15	4,910.00	0.00	0.00	8,880,612.15
Technical software	31,684,001.93	9,690,784.37	0.00	0.00	41,374,786.30
Software	418,829.57	0.00	0.00	0.00	418,829.57
	<b>40,978,533.65</b>	<b>9,695,694.37</b>	<b>0.00</b>	<b>0.00</b>	<b>50,674,228.02</b>
<b>II. Tangible assets</b>					
1. Land, buildings and improvements to third-party buildings					
Land	2,926,396.00	5,089,534.40	0.00	0.00	8,015,930.40
Buildings – real estate value	26,602,331.84	4,743,718.80	3,032,459.18	228,174.40	34,150,335.42
Buildings – value of building	61,479,459.87	19,035,038.82	41,944,148.25	980,355.63	121,478,291.31
Structural investments in leased property	3,065,415.89	95,839.31	0.00	0.00	3,161,255.20
Buildings on non-owned land	23,721,299.70	51,439.51	6,090.00	0.00	23,778,829.21
	<b>117,794,903.30</b>	<b>29,015,570.84</b>	<b>44,982,697.43</b>	<b>1,208,530.03</b>	<b>190,584,641.54</b>
2. Plants and machinery					
plant and equipment	206,347.05	0.00	0.00	0.00	206,347.05
tools	21,353.26	0.00	0.00	0.00	21,353.26
	<b>227,700.31</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>227,700.31</b>
3. Factory and office equipment, vehicle fleet					
Factory and office equipment	2,841,537.73	1,428,754.92	349,339.70	0.00	4,619,632.35
Vehicle fleet	664,041.32	9,000.00	0.00	0.00	673,041.32
Low-value items	38,754.35	16,287.35	0.00	26,631.66	28,410.04
	<b>3,544,333.40</b>	<b>1,454,042.27</b>	<b>349,339.70</b>	<b>26,631.66</b>	<b>5,321,083.71</b>
4. Tangible assets under construction					
Facilities under construction	21,585,073.87	24,841,041.40	-45,332,037.13	13,275.00	1,080,803.14
	<b>21,585,073.87</b>	<b>24,841,041.40</b>	<b>-45,332,037.13</b>	<b>13,275.00</b>	<b>1,080,803.14</b>
	<b>143,152,010.88</b>	<b>55,310,654.51</b>	<b>0.00</b>	<b>1,248,436.69</b>	<b>197,214,228.70</b>
<b>III. Financial assets</b>					
long-term liabilities					
1. Shares in affiliated companies	197,208,758.42	25,220,938.83	3,500,000.00	131,211.41	225,798,485.84
2. Loans to affiliated companies	46,840,462.77	110,927,496.87	-3,500,000.00	4,165,622.41	150,102,337.23
3. Investments	3,801,598.78	0.00	0.00	0.00	3,801,598.78
4. Securities	6,088,903.85	1,298,765.59	0.00	0.00	7,387,669.44
5. Other loans	5,791,200.99	287,894.20	0.00	417,978.34	5,661,116.85
	<b>259,730,924.81</b>	<b>137,735,095.49</b>	<b>0.00</b>	<b>4,714,812.16</b>	<b>392,751,208.14</b>
<b>Total</b>	<b>443,861,469.34</b>	<b>202,741,444.37</b>	<b>0.00</b>	<b>5,963,248.85</b>	<b>640,639,664.86</b>

Balance as of Jan 1, 2009	Additions	Amortization/Depreciation			Balance as of Dec 31, 2009	Book values		
		Reclassification	Disposals	Appreciation		Balance as of Dec 31, 2008	Balance as of Dec 31, 2009	
3,177,338.09	764,537.33	0.00	0.00	0.00	3,941,875.42	5,698,364.06	4,938,736.73	
18,785,187.40	6,300,574.50	0.00	0.00	0.00	25,085,761.90	12,898,814.53	16,289,024.40	
418,829.57	0.00	0.00	0.00	0.00	418,829.57	0.00	0.00	
<b>22,381,355.06</b>	<b>7,065,111.83</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>29,446,466.89</b>	<b>18,597,178.59</b>	<b>21,227,761.13</b>	
0.30	0.00	0.00	0.00	0.00	0.30	2,926,395.70	8,015,930.10	
221,992.13	328,489.13	0.00	0.00	0.00	550,481.26	26,380,339.71	33,599,854.16	
7,577,034.61	3,694,607.87	0.00	29,356.42	0.00	11,242,286.06	53,902,425.26	110,236,005.25	
2,562,629.30	145,597.56	0.00	0.00	0.00	2,708,226.86	502,786.59	453,028.34	
2,822,446.54	975,549.58	0.00	0.00	0.00	3,797,996.12	20,898,853.16	19,980,833.09	
<b>13,184,102.88</b>	<b>5,144,244.14</b>	<b>0.00</b>	<b>29,356.42</b>	<b>0.00</b>	<b>18,298,990.60</b>	<b>104,610,800.42</b>	<b>172,285,650.94</b>	
25,699.25	12,381.17	0.00	0.00	0.00	38,080.42	180,647.80	168,266.63	
21,353.26	0.00	0.00	0.00	0.00	21,353.26	0.00	0.00	
<b>47,052.51</b>	<b>12,381.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>59,433.68</b>	<b>180,647.80</b>	<b>168,266.63</b>	
2,389,848.23	312,633.52	0.00	0.00	0.00	2,702,481.75	451,689.50	1,917,150.60	
341,348.32	1,200.00	0.00	0.00	0.00	342,548.32	322,693.00	330,493.00	
27,634.79	8,395.56	0.00	26,631.66	0.00	9,398.69	11,119.56	19,011.35	
<b>2,758,831.34</b>	<b>322,229.08</b>	<b>0.00</b>	<b>26,631.66</b>	<b>0.00</b>	<b>3,054,428.76</b>	<b>785,502.06</b>	<b>2,266,654.95</b>	
0.00	0.00	0.00	0.00	0.00	0.00	21,585,073.87	1,080,803.14	
<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21,585,073.87</b>	<b>1,080,803.14</b>	
<b>15,989,986.73</b>	<b>5,478,854.39</b>	<b>0.00</b>	<b>55,988.08</b>	<b>0.00</b>	<b>21,412,853.04</b>	<b>127,162,024.15</b>	<b>175,801,375.66</b>	
4,480,868.57	13,087,883.15	0.00	1.07	0.00	17,568,750.65	192,727,889.85	208,229,735.19	
1,800,000.00	0.00	0.00	0.00	0.00	1,800,000.00	45,040,462.77	148,302,337.23	
62,991.78	0.00	0.00	0.00	0.00	62,991.78	3,738,607.00	3,738,607.00	
3,457,197.98	0.00	0.00	0.00	1,355,366.09	2,101,831.89	2,631,705.87	5,285,837.55	
769,318.48	0.00	0.00	0.00	0.00	769,318.48	5,021,882.51	4,891,798.37	
<b>10,570,376.81</b>	<b>13,087,883.15</b>	<b>0.00</b>	<b>1.07</b>	<b>1,355,366.09</b>	<b>22,302,892.80</b>	<b>249,160,548.00</b>	<b>370,448,315.34</b>	
<b>48,941,718.60</b>	<b>25,631,849.37</b>	<b>0.00</b>	<b>55,989.15</b>	<b>1,355,366.09</b>	<b>73,162,212.73</b>	<b>394,919,750.74</b>	<b>567,477,452.13</b>	

## Development of Reserves

as of December 31, 2009

In EUR	Balance as of Jan 1, 2009	Consumption	Disposals	Allocation	Balance as of Dec 31, 2009
<b>Valuation reserve from special depreciation allowances</b>					
Valuation reserve according to § 12 of the Austrian Income Tax Law	140,810.11	0.00	5,755.40	0,00	135,054.71
Valuation reserve for low-value items according to § 13 of the Austrian Income Tax Law	11,119.56	0.00	8,395.56	16,287.35	19,011.35
<b>Total</b>	<b>151,929.67</b>	<b>0.00</b>	<b>14,150.96</b>	<b>16,287.35</b>	<b>154,066.06</b>

## Development of Accruals

as of December 31, 2009

In EUR	Balance as of Jan 1, 2009	Consumption	Dissolution	Allocation	Balance as of Dec 31, 2009
<b>1. Accruals for severance payments</b>					
Accruals for severance payments	867,038.00	29,369.00	0.00	285,502.00	1,123,171.00
<b>2. Accruals for pensions</b>					
Accruals for pensions	711,789.00	0.00	0.00	211,182.00	922,971.00
<b>3. Tax accruals</b>					
Accrual for corporate income tax	2,155,550.16	0.00	0.00	1,775,764.82	3,931,314.98
<b>4. Other accruals</b>					
Accrual for auditing and consulting fees	266,080.00	170,417.97	93,662.03	276,500.00	278,500.00
Accrual for unconsumed vacation	247,900.12	247,900.12	0.00	246,316.32	246,316.32
Accrual for jubilee payments	23,907.00	0.00	0.00	7,619.00	31,526.00
Other accruals	1,894,456.24	196,705.13	1,697,751.11	3,110,171.82	3,110,171.82
	<b>2,432,343.36</b>	<b>615,023.22</b>	<b>1,791,413.14</b>	<b>3,640,607.14</b>	<b>3,666,514.14</b>
<b>Total Accruals</b>	<b>6,166,720.52</b>	<b>644,392.22</b>	<b>1,791,413.14</b>	<b>5,913,055.96</b>	<b>9,643,971.12</b>

# Auditor's Report

## Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of NOVOMATIC AG, Gumpoldskirchen, for the fiscal year from January 1, 2009 to December 31, 2009. These financial statements comprise the balance sheet as of December 31, 2009, the income statement for the fiscal year ended December 31, 2009, and the notes.

### **Management's responsibility for the financial statements and for the accounting system**

The company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. 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 under the circumstances.

### **Auditor's responsibility and description of type and scope of the statutory audit**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of substantive misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 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 has not given rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of NOVOMATIC AG as of December 31, 2009 and of its financial performance for the fiscal year from January 1, 2009 to December 31, 2009 in accordance with Austrian Generally Accepted Accounting Principles.

### Comments on the Management Report

Pursuant to statutory provisions, the Management Report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the company's position. The auditor's report must also contain a statement as to whether the Management Report is consistent with the financial statements and whether the disclosures pursuant to section 243a para 2 of the Austrian Company Code are appropriate.

In our opinion, the Management Report is consistent with the financial statements. The disclosures according to section 243a para 2 of the Austrian Company Code are appropriate.

Vienna, April 21, 2010

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Christoph Waldeck m.p.

Certified Public Accountant

This English translation of the audit report was prepared for the client's convenience only. It is not a legally binding translation of the German audit report.

The financial statements along with our auditor's report may only be published or transmitted together if the financial statements and the Management Report are identical with the confirmed version. Section 281 para 2 of the Austrian Company Code applies for differing versions.

# Report of the Supervisory Board of NOVOMATIC AG

for the fiscal year of 2009



In its meetings held during the course of the financial year 2009, 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. In addition, the Audit Committee heard reports from the Board of Directors and the auditor during two meetings.

The annual financial statements of 31 December 2009 and the Management Report of the Board of Directors, to the extent that it explains the annual financial statements, have been examined with regard to accounting by Deloitte Wirtschaftsprüfungs GmbH, which was appointed as auditor by the Annual General Meeting and has been charged with providing 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 their work in the financial year of 2009.

Gumpoldskirchen, April 2010

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'Herbert Lugmayr'.

**KR Herbert Lugmayr**  
chairman

# Notes





# Imprint

This English translation of the financial statements for the year ended on December 31, 2009 was prepared for the company's convenience only. It is not a binding legal translation of the German financial statements for the year ended December 31, 2009. In case of differences between the English and the German versions, the latter shall prevail.

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