

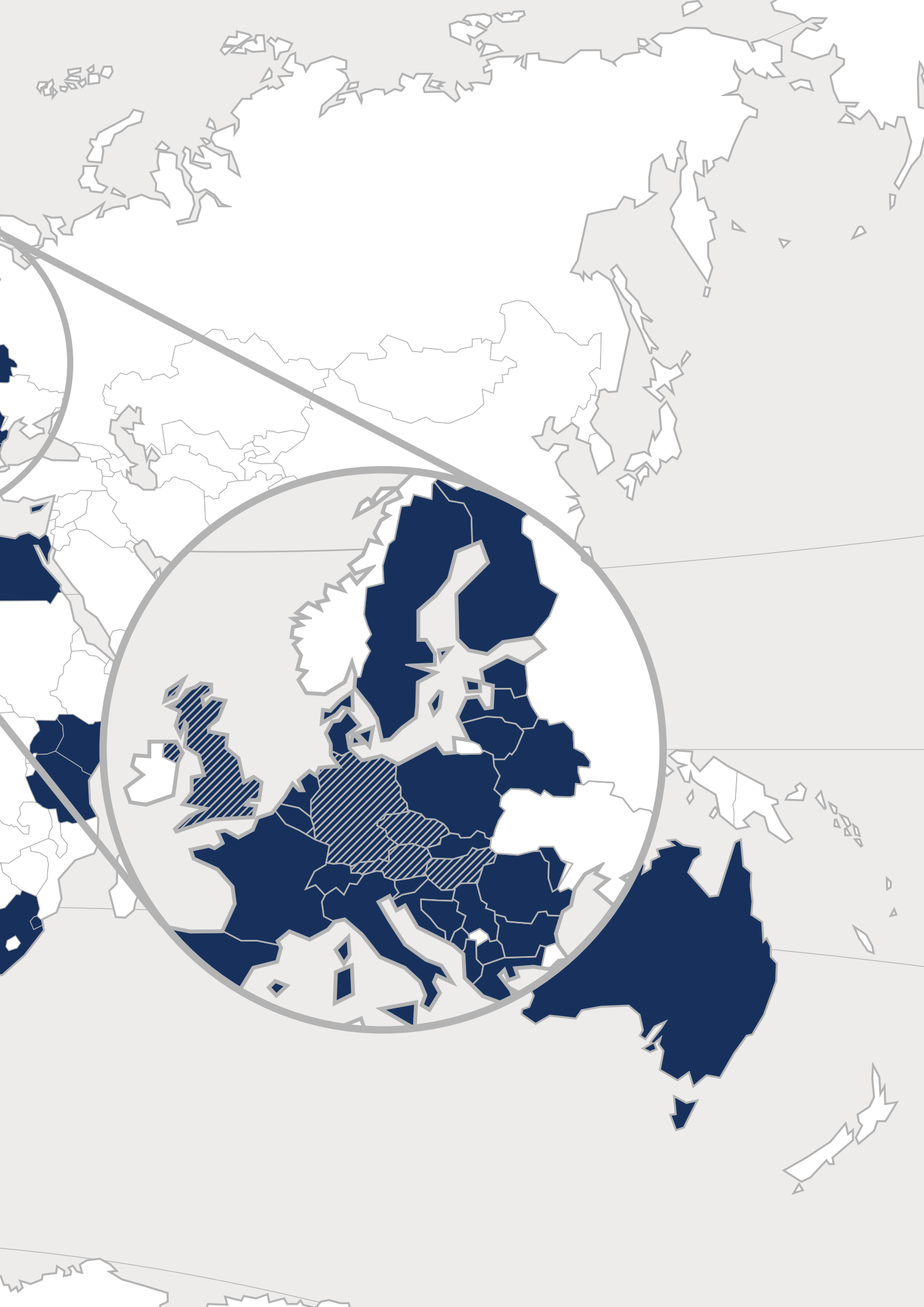
# NOVOMATIC AG

**NOVOMATIC AG**



### Novomatic Group Global Operations

- NOVOMATIC activities
- NOVOMATIC core markets
- ▨ NOVOMATIC production and R&D locations



# Organizational Chart\*

## NOVOMATIC Group



\*) Selected shareholdings

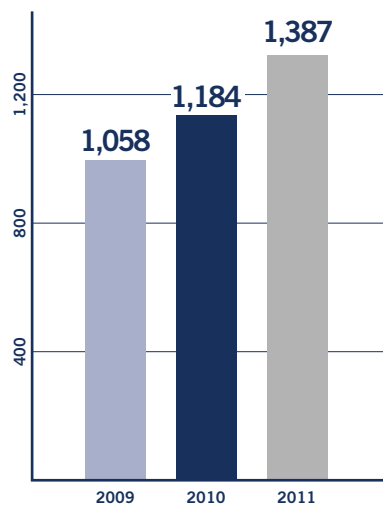
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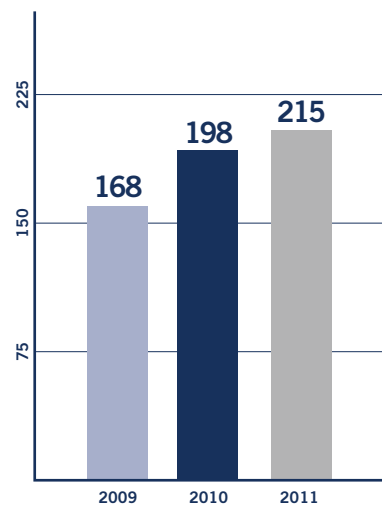
\*) In order to improve readability, some terminology is used only in its masculine form. Nevertheless, all passages refer equally to members of both genders.



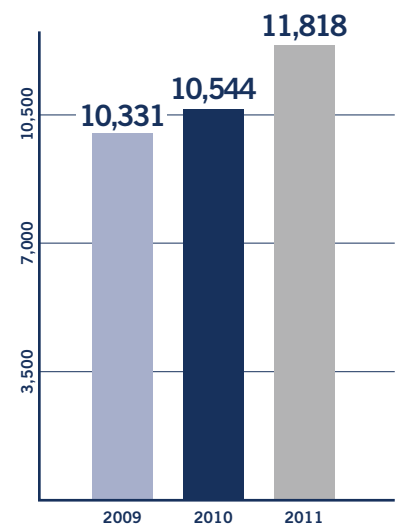
**Sales revenue,  
NOVOMATIC AG**  
(in million EUR)



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



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





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

	2009	2010	2011
Sales revenue	1,058.4	<b>1,183.7</b>	1,386.8
EBITDA	399.2	<b>449.4</b>	490.9
EBITDA margin (EBITDA/sales) in %	37.7	<b>38.0</b>	35.4
Earnings before interest and taxes (EBIT)	185.8	<b>223.1</b>	254.5
EBIT margin (EBIT/sales) in %	17.6	<b>18.8</b>	18.4
Earnings before taxes	167.7	<b>198.2</b>	215.1
Consolidated annual profit after taxes	58.9	<b>131.5</b>	160.3

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

	2009	2010	2011
Balance sheet total	1,515.5	<b>1,825.7</b>	2,183.7
Equity	639.6	<b>738.0</b>	841.5
Equity ratio (equity capital/total assets) in %	42.2	<b>40.4</b>	38.5
Number of employees annual average	10,331	<b>10,544</b>	11,818

\*) Source: Annual Financial Statements as of 12/31/2011 and 12/31/2010 as per IFRS



# Our Corporate History

## Growing Success

First NOVOMATIC  
multiplayer machines  
revolutionize the market



Market entry  
in Central, Eastern  
and Southeastern  
Europe

1980

1989

1991

1995



Founded by Prof.  
Johann F. Graf

NOVOMATIC AG issues  
EUR 150 million  
corporate bond



NSM-LÖWEN revolutionizes  
the German gaming market  
with its new multi-game  
concept NOVOLINE



Sports betting company  
**ADMIRAL Sportwetten**  
established

2005

2006

2007

2008



CASINO ADMIRAL Prater, Vienna,  
Europe's biggest gaming and betting  
facility, opens



Acquisition of Crown Technologies  
(German premium gaming machine  
manufacturer)



Acquisition of Crown Gaming, Peru

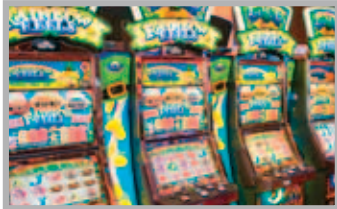


AGI founded  
**AUSTRIAN GAMING INDUSTRIES**  
NOVOMATIC GROUP OF COMPANIES

1996



Acquisition of the majority share in Astra Games, UK



2003

2004



Acquisition of NSM-LÖWEN Entertainment GmbH (German gaming machine manufacturer)

Opening of Monticello Grand Casino with Sun International and other partners, Chile (one of the biggest resort casinos in Latin America)



NOVOMATIC market entry in Italy  
NOVOMATIC AG issues two corporate bonds worth EUR 350 million in total  
Entry to the online market with the acquisition of Greentube



2009

2010

2011



New NOVOMATIC headquarters in Gumpoldskirchen opened



Acquisition of Spielbank Berlin, 92.04%  
Increase in capital stock G. Matica, Italy, 80.94%





Dear Ladies and Gentlemen,

In the wake of the global financial and economic crisis, the 2011 fiscal year was once again initially characterized by shadows. Thankfully, however, these brightened up noticeably over the course of the year. Despite a challenging fiscal year, the NOVOMATIC Group has been able to celebrate a new record turnover in its 32<sup>nd</sup> year of existence: combined, non-consolidated turnover of NOVOMATIC AG and its two Swiss sister holding companies, ACE Casino Holding AG and Gryphon Invest AG, reached its highest level in its corporate history, at 3.2 billion euro.

The fact that our strategy has proven to be the correct one is something about which I am happier than about this record figure. At this point two years ago I stated that, in difficult economic times, securing jobs was more important to me than maximizing profit in the short term. I am therefore quite pleased that this evaluation has proven to be correct: the 2011 fiscal year bore impressive witness to just how much commitment, creativity, diligence and creative drive NOVOMATIC employees are willing and able to display in particularly challenging economic times.

In the 2011 fiscal year, NOVOMATIC was not only able to hold on to its status as one of the biggest integrated gaming groups in the world and as the clear number one and top player in Europe, but also to expand it. Our well-developed abilities to introduce cost-reducing measures promptly even in difficult economic times, thanks to our excellent market knowledge, to optimize our locations and to invest anti-cyclically in new business opportunities have borne the desired fruits. This, paired with our successful principle of combining innovative gaming devices and services with first-class service for the benefit of our guests, means that we, as a global player in the premium segment of the global entertainment industry, have developed an exceptional market position which we now must safeguard for the long-term.

NOVOMATIC was already very successful as a multicultural group of companies before the catch-phrase “globalization of the economy” had even been invented. Today, the geographic radius of our production subsidiaries and competence centers extends from Gumpoldskirchen, the location of the Group’s global headquarters in Austria, to Astra Games Ltd. in England, from NSM-LÖWEN Entertainment and Crown Technologies in Germany to Octavian in Argentina and back to our online gaming subsidiary Greentube in Vienna.

# Foreword by the Founder and Majority Shareholder

Exporting to 73 countries and operating casinos in 32 countries entails direct contact with different cultures every day, meaning that at NOVOMATIC, the words “economy” and “integration” are not mere buzzwords but rather a reality that we live on a daily basis.

But a key factor in our success and future prospects is and remains our position as a trend setter in the research and development of highly innovative gaming equipment. The dynamic of the global gaming industry means that we are constantly faced with challenges, for example with the development of networked system solutions, our growing role as a content provider for online gaming solutions for licensed third party suppliers, and the future potential of PCs, smart phones and tablet computers. I am utterly convinced that we are well equipped to deal with these challenges.

As constant technological development is so important to the Group, our employees represent the basis for the company’s long-term success. This is because the most important decisions made in the company are always related to people. Thus, our NOVOMATIC family—which grew last year to number over 18,000 members—remains our most valuable capital. Our employees prove this to us on a daily basis

Gumpoldskirchen, April 2012



**Professor Johann F. Graf**  
Founder and Majority Shareholder



**DI Ryszard Presch**

**Dr. Franz Wohlfahrt**

**Mag. Thomas Graf**

**Mag. Peter Stein**

**Dear Ladies and Gentlemen,**

In the 2011 financial year, NOVOMATIC AG managed to increase sales revenue by 17.2 percent to EUR 1,386.8 million. This success came thanks in no small measure to our strategy of implementing the correct optimization measures at the right time in this difficult economic climate as well as with anti-cyclical investments and our employees' high level of efficiency and commitment. We achieved this in our core competencies as a technology leader in the international gaming industry as well as in our role as a service-oriented provider of attractive gaming services around the world.

Development on the domestic market in Austria was also satisfactory. Last year, the federal states of Upper Austria and Lower Austria launched a public call for expressions of interest for the federal state-licensed slot machine segment in accordance with European statutory principles in the wake of the amendment to the 2010 Austrian Gaming Act. The subsidiary ADMIRAL Casinos & Entertainment AG (ACE), which was founded over the past year, successfully applied for permits and will be active in this segment following the permits' becoming legally effective. NOVOMATIC also participated in the call for expressions of interest for casino concessions.

Very problematic in NOVOMATIC's view, however, are the tendencies toward prohibitive legislation in our domestic market, such as can be observed in Vienna. Gaming is a socially recognized form of entertainment. Therefore we are of the opinion that an outright gaming ban is pointless and in fact counter-productive in a regulatory sense. The negative consequence of this would be not least that gaming would be forced into illegality and thus outside the regulatory scope. Therefore we make the case for strict regulation of gaming with stringent regulatory requirements, enabling the effective protection of players. During the period under review, NOVOMATIC has continued to increase its already extensive activities relating to player protection.

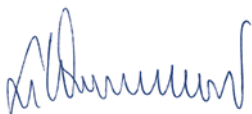
NOVOMATIC has not only established itself as one of the most successful technology companies in Austria, but also makes a significant contribution to regional and national value creation. Despite its international focus, the Gumpoldskirchen-headquartered Group acknowledges and stands by its roots in the Austrian industrial landscape, having made a conscious decision not to follow the prevailing trend toward outsourcing. This, in and of itself, guarantees highly qualified jobs in Austria in difficult times.

# Foreword by the Board of Directors

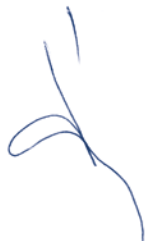
In 2011, NOVOMATIC further consolidated its position as a desirable and well-liked employer and as one of the top ten branded companies in Austria. In the Austrian brand value study "Eurobrand Austria 2011," NOVOMATIC took fifth place (having achieved seventh place in 2010) with a brand value of EUR 2.2 billion. The Group was the only company to have grown annually for eight years.

Finally, the Sustainability Report—as an established component of our Annual Report—fulfills the declared objective of documenting a sense of responsibility in a sensitive industry environment. Positive communication with our stakeholders in past years has encouraged us to continue on this path of transparency, willingness to engage in dialogue, multi-culturality and public responsibility.

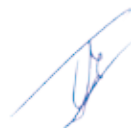
Gumpoldskirchen, April 2012



**Dr. Franz Wohlfahrt**  
CEO



**DI Ryszard Presch**  
Deputy CEO



**Mag. Thomas Graf**  
CTO



**Mag. Peter Stein**  
CFO



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SELECT A GAME

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WILD WILD	WILD WILD	WILD WILD
WILD WILD	WILD WILD	WILD WILD

CARD GAMES    OTHER GAMES

CASH    BETTER    BETTER

7 Pos

WILD WILD	WILD WILD	WILD WILD	WILD WILD
WILD WILD	WILD WILD	WILD WILD	WILD WILD
WILD WILD	WILD WILD	WILD WILD	WILD WILD

WILD WILD    WILD WILD    WILD WILD    WILD WILD

ALL SLOTS & GAMES

WILD WILD    WILD WILD

7 Pos

WILD WILD

# 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 dual role as manufacturer and operator, the undisputed number one in Europe. NOVOMATIC AG in Austria, headquartered in Gumpoldskirchen, forms the core of the NOVOMATIC Group, along with its Swiss subsidiary holding companies ACE Casino Holding AG and Gryphon Invest AG.

As a manufacturer of innovative gaming equipment across the entire spectrum of the gaming market and as an operator of around 1,200 gaming facilities from casinos to electronic casinos to sports betting establishments, NOVOMATIC is focused on continuous, controlled, sustainable and responsible growth. The Group has established its position on regulated markets as a successful content provider for Internet and telephone suppliers as a third pillar of its activities.

## The company's successful strategy is based on its role as a research and development trend-setter

The Group's core markets include the European Union member states as well as Central, Eastern and Southeastern Europe, where NOVOMATIC established and secured for itself a superb position by entering the market early on. Markets with longer-term favorable growth prospects, such as regions in Latin America and Asia, also represent very interesting development opportunities. NOVOMATIC's strategy for success is based on the Group's role as a research and development trend-setter in terms of highly innovative gaming equipment. Subsidiary Austrian Gaming Industries GmbH (AGI), the Group's flagship

production company, as well as all international production subsidiaries accord the utmost priority to quality of workmanship in the production of their innovative gaming equipment. This quality is achieved by sophisticated research and development as well as thanks to eight competence center throughout Europe where highly qualified employees ensure a superlative level of quality beginning in the development phase and continuing on to all subsequent production processes.

## Nearly all components of the innovative gaming devices are manufactured within the Group

This is why products by NOVOMATIC impress with their recognized quality based not insignificantly on a manufacturing process featuring over 90 percent vertical integration, far exceeding the industry average. This high product quality is also based on investments in research and development which are also far greater than the industry average.

In practice this means that almost all components for NOVOMATIC gaming devices are manufactured within the Group. This includes all components, from housing to cable harnesses and printed circuit boards (the intelligent core piece of all gaming equipment) to the enormously successful games that are developed in-house. This Group-internal production process provides customers with significant advantages, because only technically well-engineered developments go onto the market—after their reliability and attractiveness for customers has been put to the test. Group products and services are sold using a tried-and-true sales and distribution system that presently comprises 73 countries worldwide.





These, both individually and as part of complete equipment for electronic automated casinos, are distributed by the Group's subsidiaries in 31 countries. The Group works together intensively with selected distribution partners in a further eleven countries.

### Subsidiaries Greentube and Octavian also present forward-looking solutions

Presences at the world's most important gaming exhibitions have proven to be very important channels of sales and distribution. At the International Casino Exhibition (ICE) 2011 in London, the most important gaming exhibition in the world, AGI once again successfully presented a whole range of new products at the end of January. New games for VLT (video lottery terminal) and GDS (games download system) applications, two new mystery progressive jackpots and a brand new community gaming concept were presented.

The two innovative subsidiaries Greentube and Octavian have also developed new, forward-looking solutions. Greentube, an Austria-based leading full-service provider in the online gaming segment, has substantially expanded its offerings as a content provider for games solutions for licensed providers in regulated jurisdictions. Octavian, on the other hand, has been achieving growing success primarily on the Latin American markets with its modern casino management system Accounting Control Progressive System. As an industry pioneer, NOVOMATIC is focussing more and more on the fields of networked system solutions and games content in its research and development activities. All sales and distribution channels are taken into account in this respect, from stand alone devices to networked

terminal solutions and on to offerings via the Internet and mobile technologies: the increasing availability of broadband connections will cause the market for online gaming via PCs, smart phones and tablet computers to grow significantly in the future.

In the operational business segment, NOVOMATIC Group increased the number of gaming devices operated in its own gaming facilities and via rental models to more than 200,000 units during the past fiscal year. The Group includes the highest turnover casinos in Germany (in Berlin), the Czech Republic (in Hatě) and Malta as well as one of the highest turnover casinos in Switzerland (in Mendrisio) and Latin America's biggest resort casino (in Chile). In Austria, Casino ADMIRAL Prater in Vienna serves as the Group's flagship. The leading sports betting provider, ADMIRAL Sportwetten GmbH, a one hundred percent subsidiary, tops off the Group's domestic-market offerings with 195 branches and a market share of more than 50 percent.

### In 2011 a strongly positive trend reversal was achieved in several core markets

In the 2011 fiscal year, NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) once again succeeded in retaining and solidifying its position as the leading operator of casinos and electronic casinos in core markets such as Central, Eastern and Southeastern Europe. Following the very difficult 2010 fiscal year, during which restructuring measures were introduced in some markets and location optimization measures had to be made, in many jurisdictions, including in the Baltic countries, a positive trend reversal became apparent during the previous year.



One of the operational highlights of the 2011 fiscal year was the takeover of the Spielbank Berlin group, which comprises four locations including the highest-revenue casino in Germany, meaning that the NOVOMATIC Group now operates a total of ten casinos in Germany; this figure includes the SIM-Gruppe, which it also owns. Extra Games Entertainment GmbH, which is active in commercial gaming, has increased the number of its electronic casinos to 213 locations.

### Video Lottery Terminals (VLTs) in Italy are a model for other jurisdictions in Europe

In Italy, the market entry undertaken during previous years has led to an increase in locations from 45 to 70. The rental of gaming machines in Italy has likewise been very successful. NOVOMATIC has concluded long-term agreements for the supply of centrally networked video lottery terminals (VLTs) in Italy with eight of ten concessionaries; around 12,900 such units were in operation there at the end of 2011. Should the regulatory environment allow, NOVOMATIC will be offering the VLT model in other markets. In Central, Eastern and South-eastern Europe, the strategy of introducing prompt cost-cutting measures, undertaking location optimizations and making anti-cyclic investments has borne the desired fruits. AGI took advantage of the economic crisis to improve its market position and in some cases quite markedly strengthen it.

### Brand value study places NOVOMATIC in the top 5 at EUR 2.2 billion

AGI's Austrian gaming facilities also retained their positions superbly in Lower Austria and at the locations in Vienna once again in 2011, thanks to organic growth. Group subsidiary ADMIRAL Sportwetten GmbH has a total of 195 branches and a market share of more than 50 percent, making it the undisputed number one among Austrian sports betting chains. Thanks to high growth rates in the Internet and sports betting terminal businesses, ADMIRAL achieved an increase in betting turnover of almost ten percent.

2011 saw NOVOMATIC intensify its information offensive with regard to preventing gaming addiction. The competence network comprised of regional gaming addiction representatives is therefore to be extended (please refer to the Sustainability Report contained in this Annual Report). In the Austrian brand value study "Eurobrand Austria 2011" NOVOMATIC took fifth place with a brand value of EUR 2.2 billion (after having taken seventh place in 2010). Something particularly positive was that NOVOMATIC was the only company among those assessed that demonstrated annual growth for eight years; it was also the company with the most growth—13 percent—in 2011.



**Sizzling Hot**

5	🍋	🍈	🍇	★	7	5
1	🍋	🍓	🍇	🍇	🍓	1
3	🍋	🍓	🍇	🍇	🍓	3

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# The Strategy

NOVOMATIC AG is a globally operating, integrated gaming group manufacturing innovative gaming equipment and operating gaming facilities; its focus is on continuous, controlled, sustainable and responsible growth. The Group is determined to continue pursuing this strategy consistently over the coming years. In addition to the member states of the European Union, its core markets include Central, Eastern and Southeastern Europe where NOVOMATIC has already established and secured an excellent market position thanks to its having entered this market at an early stage.

## Status as a highly innovative gaming equipment trend-setter remains key

Markets with promising long-term growth prospects, particularly those in Latin America and in Asia, continue to offer very interesting development opportunities.

A key component of the Group's future prospects is its position as a trend-setter in the research and development of state-of-the-art gaming equipment. The Group has a competitive edge resulting from being both a manufacturer and an operator; consistent advantage of this fact is taken by the Group's eight research and development competence center. As an industry pioneer and trend-setter, NOVOMATIC is currently focusing on the development of networked system solutions and server-based gaming, and the Group is well prepared to meet market-related requirements over the coming years with its annual output of more than 100 new games. In previous years the Group has also successfully developed a third pillar, alongside the production of gaming equipment and the operation of casinos

and electronic casinos: the business of being a content provider for the Internet and telecom providers in regulated markets.

## The market for online gaming via PCs and smart-phones will grow significantly

As a result of the increasing availability of broadband connections, the market for online games with monetary prizes on PCs, smart phones and tablet computers is to grow markedly in the future. The Group has done justice to this trend with the complete takeover of online gaming provider Greentube. In cases where local statutory conditions permit them, NOVOMATIC will also aim for strategic partnerships in the field of digital television with partners from the telecom or TV segment. Other examples for the future development of new business segments are the development of cross-border gaming services subject to community law harmonization in the European Union member states as well as collaborations with national lottery and betting providers.

Something that remains of key significance is the responsible handling of gaming. To this end, NOVOMATIC's Responsible Gaming efforts have resulted in the implementation of one of the most modern gaming addiction prevention concepts. Cooperation with internationally renowned experts and addiction research institutions is to be continued and expanded.



# Gaming Machines

The fully owned NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) is the Group's manufacturing flagship and the world market leader in the areas of interactive live games and multi-player systems. Furthermore, AGI has also long been the undisputed technology leader in the development and production of ultra-modern and innovative gaming machines. All of the Group's new developments undergo thorough test runs in the Group's various casinos and electronic casinos prior to market launch. Such rigorous field testing guarantees that the only developments to reach the market are well-engineered and have already proven their reliability and attractiveness to customers in practice.

## A whole range of new products in a completely new design was presented in London

At the International Casino Exhibition (ICE) 2011 in London, the most important gaming exhibition in the world, AGI presented a whole range of new products for 2011 at the end of January: 14 new Coolfire™ II games, 15 new NOVO LINE™ games for VLT (video lottery terminal) and GDS (games download system) applications, and the unique combination of multi-player and video slot gaming offered by the NOVO LINE™ Novo Unity™ II range. Two brand new mystery progressive jackpots were also presented: THUNDERGOD™ and Wild Nights™ as well as a brand new community gaming concept: BANK BLASTER™.

These jackpot and community gaming products and their various themes are new attractions for casinos and their customers worldwide. As a leading global full-service provider in the online gaming segment, the NOVOMATIC subsidiary Greentube has

expanded its range of state-of-the-art game solutions offered on regulated markets. The country-based brands which have been famous and proven for years, such as Book of Ra™, Reel King™ and Lucky Lady's Charm™ deluxe, are now in the process of conquering the online gaming world.

Another product highlight was the new casino promotion solution NOVOMATIC Reel Tournament™, which offers customers live, real-time tournament games on an unlimited number of linked Super-V+ Gaminator® machines.

The tournament controller is a central component of the system which enables the operator to provide various tournament settings, win modes and popular promotions for his customers based on a selection of the most successful games. At the G2E exhibition in Las Vegas, a range of other new games with various themes and games concepts was presented.

## Octavian offers flexible solutions for modern casino management systems

Another subsidiary has achieved growing success in the field of modern casino management systems on the Latin American markets with its innovative solutions: the modular Octavian casino management system ACP (Accounting Control Progressive System) offers flexible solutions for all customer requirements and various statutory framework.



# Research & Development

NOVOMATIC is a pioneer and trend-setter in the international gaming industry. The Group's development focus is increasingly on the fields of networked system solutions and game content. All distribution channels are taken into consideration here, from stand-alone gaming devices to networked terminal solutions, video lotteries and offers via the Internet and/or via mobile technologies. The objective is to provide modular network solutions which are adapted to meet legal, market and customer requirements. This will allow future market niches and standardised markets to be served.

## Individual modules can be combined as desired using new system architecture

The latest generation of open platform architecture even makes it possible for third-party developers to develop games for these high performance systems and thus to adapt product and game portfolios in line with market requirements. Individual modules of these system solutions with specific functionalities—such as ticketing, smart cards, bank note recycler, random number generator, player tracking, accounting, jackpots or game download—can be combined with each other using the latest system architecture and integrated with various end devices, games terminals and operating systems.

Standard interfaces use state-of-the-art communication protocols. Innovations in the hardware segment include new, ergonomic terminal solutions for casino and other gaming markets which can be controlled by up to five monitors, skills-based roulette equipment with state-of-the-art ball rejection mechanisms, the use of modern curved monitors for simulating 3D

effects, and VIP terminals with giant screen technology. In the area of game development, an IP game series including a jackpot system is being developed in-house on the current topic of Hollywood icon Marilyn Monroe; with this, NOVOMATIC is once again setting the standard in the area of licensed IP games. New game feature categories included in the portfolio are “Reel Refill”, “Fixed Wilds” and “WinWays”.

In the multi-player segment, the Novo Unity™ product portfolio was expanded by the integration of a mechanical, automated card shuffling device. The integration of slot games into the Novo Unity™ multi-player technology also marks another milestone in product diversification.

## Well prepared with 100 new games per year—over 20 housing and terminal models

With an output of more than 100 new games per year as well as a growing portfolio of more than 20 housing and terminal models, NOVOMATIC is well equipped to meet market-specific requirements and has a portfolio of over 100 registered patents and more than 1,000 registered brand names.

Development is supported by in-house hardware and software development teams at global R&D headquarters in Austria as well as in Germany, the UK, Russia, Argentina and Poland, and exclusive partnerships with developers in Austria, Slovenia, Greece, the USA and Australia.





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sc series



# Production

When it comes to the production of their innovative gaming equipment, the NOVOMATIC Group's manufacturing flagship Austrian Gaming Industries GmbH (AGI) and all of the Group's other international production subsidiaries have always upheld the tradition of placing great emphasis on superior workmanship. In addition to its sophisticated research and development activities, the Group does justice to this standard with eight interlinked competence center located across Europe at which highly qualified employees ensure superior quality standards beginning in the development phase and continuing on throughout all subsequent production processes.

## Almost all components for NOVOMATIC gaming devices are produced within the Group

As a result, NOVOMATIC products are distinguished by their renowned quality and a degree of vertical integration that exceeds 90 percent, which is well above the industry average. The basis for this high product quality is investments research & development; these are also well above the industry average. In practice, this means that almost all components for NOVOMATIC gaming devices are manufactured within the Group. This comprises all components, from housing to wiring harnesses and the printed circuit board (the intelligent core of every gaming machine) and all the way on to the company's own games, which are developed in-house. This in-house production process is of considerable benefit to customers, because all components are subject to a continuous and rigorous quality control process. High quality and the high degree of vertical integration in the manufacturing process also ensure NOVOMATIC customers maximum flexibility.

Even in the production of small batches, ultra modern production processes make it possible to address customer-specific requirements and needs in an individualized and exact manner. The production process is even capable of responding to changes in a country's evolving legislative and regulatory environment at very short notice.

## The high flexibility of production also applies to environmental and energy-efficiency standards

This high degree of flexibility is possible thanks to the Group's ultra modern production facilities, where all production processes run in accordance with the latest technological knowledge and giving consideration to increasingly important environmental and energy-efficiency standards.

NOVOMATIC was quick to safeguard its innovative edge, investing in a modern complex at the Group headquarters in Gumpoldskirchen, just south of Vienna in Lower Austria, which opened in 2009. Since then, both research and development and production processes have been in accordance with the latest technological knowledge. The Group is also continuing to invest in other production locations—from the modern metal construction factory in the Czech Republic to the cable harness plant owned by AGI subsidiary AGI Hungary Kft., and on to the German production facilities of NSM-LÖWEN Entertainment GmbH in Bingen, Crown Technologies GmbH in Rellingen and, finally, the British subsidiary Astra Games Ltd. in Bridgend, Wales.

# Marilyn



GRAND COMMUNITY JACKPOT

Marilyn

€1,042.17

COMMUNITY JACKPOT SHARED PRIZE €347.39



Marilyn

Marilyn

Marilyn

Marilyn

Marilyn



ADMIRAL

€1,042.17

€25.35



WINNER PAID 5050



ADMIRAL

€1,042.17

€25.35



ADMIRAL

€1,042.17

€25.35



WINNER PAID 5050

# Sales

Global sales and distribution of the whole product range is a significant component and guarantor of the NOVOMATIC Group's success. The Group-wide sales and distribution system is based on three tried-and-true pillars: the direct sales and distribution done by the NOVOMATIC production companies located at global headquarters in Gumpoldskirchen, in Lower Austria, headed by Austrian Gaming Industries GmbH (AGI), the globally active Group subsidiaries, and regional distribution partners who are selected with the utmost care. Sales and distribution activities were intensified during the period under review, particularly in the growth regions of Latin America and Asia.

## Presences at the world's most important gaming exhibitions as a vital sales channel

The NOVOMATIC Group's sales and distribution activities include the sale and lease of products and the provision of gaming services across the whole Group. These are currently exported to and supplied in 73 countries worldwide. They are sold and distributed by Group subsidiaries in 31 countries, and include complete equipment for electronic casinos. In a further eleven countries, the Group works closely with selected distribution partners.

The Group's presences at the most important gaming exhibitions around the world have proven to be an important channel of sales and distribution in previous years. The highlight of the 2011 exhibition year was once again the world's largest gaming exhibition, the International Casino Exhibition (ICE) in London in January, where NOVOMATIC was represented by a completely redesigned exhibition stand (the exhibition's largest).

Other influential European exhibitions during the first half of the year were the IMA in Düsseldorf and the ENADA in Rome and Rimini.

Exhibition events outside of Europe included the G2E Asia in Macau, which is very important for the emerging markets in Asia. NOVOMATIC has recently opened up interesting sales markets such as Singapore, the Philippines and South Korea. The Global Gaming Expo G2E continued in North America in October, where its Las Vegas showing traditionally acts as a public opinion indicator for the highly contested American market. NOVOMATIC further intensified and reinforced its collaboration with Reel Games Inc., its distributor for the North American market.

## Presence in Latin America expanded by a subsidiary in Colombia

After the founding of subsidiaries in Argentina, Peru, Mexico, Paraguay and Chile in previous years led to the company's having strategically developed real "domestic markets" in Latin America, the year under review saw market entry in Columbia take place with the founding of AGI Gaming Colombia in the capital city of Bogota. The conclusion of NOVOMATIC's 2011 exhibition year was marked by successful participation in the SAGSE in Buenos Aires, Argentina's capital. The years to come should see further intensification of activities in both Latin America and North America.



# Casino Operations, Electronic Casinos and Sports Betting

The NOVOMATIC Group currently operates around 1,200 casinos, electronic casinos and sports betting outlets worldwide. The number of gaming machines operated at the Group's own gaming facilities as well as via lease arrangements grew to total more than 200,000 units during the 2011 fiscal year.

The operational branch of the Group includes the most profitable casinos in Germany (in Berlin), the Czech Republic (in Hatě) and Malta, as well as one of the most profitable casinos in Switzerland (in Mendrisio) and Latin America's largest resort casino (in Chile). In Austria, Casino ADMIRAL Prater in Vienna is the Group's flagship establishment. Wholly owned subsidiary ADMIRAL Sportwetten GmbH has the largest number of outlets (195) and a domestic market share of more than 50 percent.

## In 2011 a very encouraging trend reversal was achieved in many jurisdictions

In the 2011 fiscal year, NOVOMATIC subsidiary Austrian Gaming Industries GmbH (AGI) again managed to maintain and strengthen its position as a leading operator of casinos and electronic casinos in core markets such as Central, Eastern and Southeastern Europe. Following the very difficult 2010 fiscal year, during which restructuring measures had to be introduced and locations optimized in certain markets, the 2011 fiscal year witnessed a positive trend reversal in many jurisdictions, particularly in the Baltic countries. In Germany, where NOVOMATIC has achieved a market share of more than 50 percent thanks to its manufacturing subsidiaries NSM-LÖWEN Entertainment GmbH and Crown Technologies GmbH the previous year's growth trend continued

at the year's outset, the Spielbank Berlin group—which includes the four locations of Germany's most profitable casino operation—was taken over.

As a result, the NOVOMATIC Group now operates a total of ten casinos in Germany, including those of the SIM Group. EXTRA Games Entertainment GmbH is active in the commercial gaming business and succeeded in expanding its group of electronic casinos to 213 locations during the period under review. BPA Freizeit & Unterhaltungsbetriebe GmbH has prolonged its expansion and, following the takeover of three electronic casino operating companies, now has over 29 gaming facilities.

## In Italy more than 12,900 video lottery terminals (VLTs) are already in operation

In Italy, Europe's biggest gaming market, market entry a few years ago led to an increase in the number of locations from 45 to 70. The Group's strong position on the Italian market was made possible by the introduction of the centrally networked video lottery terminal (VLT). Development of gaming machine leasing business was also quite successful. In Italy, NOVOMATIC concluded long-term contracts for the delivery of VLTs in Italy to eight of a total of ten concessions-holders; of these units, approximately 12,900 were already in operation by the end of 2011. Overall, the Group has concluded contracts for the production and operation of 22,500 VLTs in Italy.

A broad array of optimization measures implemented in response to the effects of both the global financial and economic crisis and the introduction of various smoking bans, has re-



sulted in the overall consolidation and strengthening of the NOVOMATIC Group's various casino operations internationally. The Swiss casinos in Bad Ragaz, Locarno and Mendrisio are among the gaming facilities where an extensive and attractive live game program is on offer, as is Casino Admiral Colosseum (in Hatě), the most profitable casino in the Czech Republic. In Malta, where AGI obtained a ten year concession as part of a consortium, concession to operate Casino Dragonara as said casino's share of the gaming market is nearly 50 percent.

Alongside the casinos in Germany, which now number ten locations, Latin America's largest resort casino represents a further highlight for the Group.

### Turnover at Chile's largest casino has developed very positively

The Monticello Grand Casino & Entertainment World in San Francisco de Mostazal, located south of the Chilean capital of Santiago de Chile, has 1,500 gaming machines, 100 live game tables, a bingo facility for 300 guests, a conference center and a five star hotel.

After an earthquake at the start of 2010 interrupted business, turnover of Chile's largest Casino developed very positively upon its reopening. Gaming in Peru and Africa also achieved satisfactory results.

### Optimization measures at Eastern European gaming facilities had a positive effect

Business development at the gaming operations in Eastern, Central and Southeastern Europe improved markedly thanks to the positive effects occasioned by the optimization measures taken during the two difficult years of 2009 and 2010. A consistent location optimization and cost efficiency program in Latvia, where the local subsidiary is active with more than 120 gaming facilities, led to a clear improvement in earnings compared with the previous year. In Hungary, turnover at the 13 electronic casinos increased despite market uncertainties.

An increase in sales revenue was experienced in Albania, as was a marked economic recovery in markets such as Bosnia, Macedonia and Serbia. In Croatia, where the number of gaming facilities remained stable, an increase in turnover in the operational segment was achieved thanks to a general market recovery following the economic crisis as well as to optimization measures. An upward trend after the economic crisis had subsided, as well as a marked improvement in earnings at the end of the fiscal year with the number of qualitatively improved gaming facilities remaining the same, was reported by Romania. In Slovenia, Hotel & Casino Resort Admiral in Kozina, on the border with Croatia and Italy, was established and commenced operations in December 2009.

Overall, the strategy promptly introduced by AGI, that of quickly introducing cost-cutting measures in economically difficult markets, optimizing locations and making anti-cyclic investments, and focusing more on excellent customer service



bore the desired fruits. AGI used this strategy, which was fully implemented by the employees during the economic crisis, to improve and strengthen its market position.

### **AGI's Austrian gaming facilities were able to maintain their position very well in 2011**

Thanks to organic growth in Lower Austria and in the three locations in Vienna, the Austrian AGI gaming facilities were able to do outstandingly well in the difficult market environment and even to slightly increase turnover. HTM Hotel und Tourismus Management GmbH (HTM) maintained 84 (2010: 83) outlets in Vienna in the year under review where gaming machines are operated as part of the state jackpot. In Lower Austria the 2011 fiscal year was another very positive one for HTM. The number of gaming facilities increased from 38 to 41.

With "Admiral am Kurpark" HTM operates a four star hotel in the spa town of Baden located near Vienna. And Baden also saw reopening of the HTM-owned four-star Hotel Sacher Baden following an entire year of renovation work. Wett Cafe Betriebsgesellschaft m.b.H. had more than 30 subsidiaries in Styria, where gaming machines are operated and sports betting is conducted under the auspices of federal-state gaming regulations. Both HTM and the Wett Cafe managed positive turnover development with a stable turnover and earnings position last year despite a difficult market environment.

### **ADMIRAL Sportwetten achieved high growth online and with betting terminals**

Group subsidiary ADMIRAL Sportwetten GmbH, with 195 branches and a market share of more than 50 percent, is the undisputed number one among Austria's sports betting market chains. ADMIRAL achieved an increase in betting turnover of 207 million euros or 9.8 percent, compared to the previous year. Thanks to high growth rates in the sales and distribution channels of Internet and sports betting terminals, a satisfactory business result was achieved despite the absence of a major football event.

In conclusion, NOVOMATIC—with all of its operationally active subsidiaries—is conscious of the fact that gaming is a very sensitive service. Therefore, the Group endeavors in all of its gaming facilities to create conditions to help guests use the sensitive service of gaming in a responsible manner. The extensive measures, information and prevention programs in place are described in detail as part of the CSR report beginning on page 41.





# Employees

NOVOMATIC AG's employees are the foundation of the company's long-term success. With their creativity, service-orientation and commitment, they make a significant contribution to the growth of our Group. In 2011, an average of 11,818 employees (2010: 10,544) were employed by NOVOMATIC AG. This figure included 913 (2010: 830) at the Group's headquarters in Gumpoldskirchen. The increase in employee figures was generated largely abroad.

As the Group is active around the globe, diversity, individuality and an intercultural focus are matters of course for us. The diversity of our employees is a central factor in our success. This attitude can be seen not least in the personnel structure of our Group. The percentage of women employed in Austria as a whole is well above average, at 38.8 percent. The average employee age is 37.7, and 7.2 percent of employees are university graduates. 24.4 percent of employees hold foreign citizenship, while still more have a migratory background.

## The trainee program gives participants a realistic introduction to the interrelationships within the overall Group

As the performance and qualifications of our employees represent a significant factor for success, 2011 saw us have our in-house training academy, Novo Academy, certified in accordance with ISO 9001: 2008. We also established a Group-wide e-learning platform and successfully continued the trainee program that was introduced in 2009.

The target group for this program is young academics, who get to work in all of the Group's core departments. A key factor in the success of this program is the trainees' cooperation in production and in gaming during the first four months. It is thus ensured that participants truly live the company philosophy, and that they gain a realistic understanding of the operational segment—and thus a broad understanding of the big picture.

## Communication within the Group was intensified thanks to NOVONET

In 2011, the main focus of the Group's training and further education activities was on obtaining and on maintaining qualifications and the further development of our addiction prevention representatives' skills. In addition to this a Group training series was established for quality management purposes, and investments were made in the expansion of language proficiency and the improvement of our employees' professional skills.

Internal communication within the NOVOMATIC Group was intensified by the introduction of an Intranet: with NOVONET, employees are now able to access centrally stored information on the corporate structure, guidelines, emergency plans, current notifications and much more. Users can navigate through the different areas quickly thanks to the clear structure. In 2012, it is planned to include other Group companies in the Intranet. Group headquarters in Gumpoldskirchen also saw an employee survey on health conducted, and the majority of the responses regarding the factory cafeteria were responded to with improvements in 2011.



# Regulatory Environment

NOVOMATIC always gives utmost priority to its principle of offering products and operating gaming facilities exclusively in regulated markets that have a clearly defined legal and regulatory operating environment which has also proven of great value. It follows that pursuing the highest possible degree of legal certainty represents a central, fundamental principle underlying the business transactions engaged in by the entire Group. NOVOMATIC advocates social responsibility and strict statutory regulations with regard to gaming at both national and international levels.

## The Group advocates harmonization of European Gaming Laws as soon as possible

Within the Single European Market, gaming is still the only market segment not governed by harmonized regulations. In unison with numerous findings of the European Court of Justice over the past few years, NOVOMATIC has therefore been demanding and advocating a harmonization of European gaming laws in the form of a special gaming directive—particularly with regard to Internet gaming—as soon as possible and therefore welcomes the European Commission's initiative as discussed in the corresponding Green Paper. The aim must be the carefully defined and controlled regulation of cross-border online gaming via transparent licensing procedures as well as ensuring the highest possible standards for player and consumer protection, so that pools amounting to billions every year are prevented from going outside of the EU via the Internet. NOVOMATIC expects this reform process to take a few years, however, and is of the opinion that the regulations being sought will present an opportunity for further expansion within the EU.

NOVOMATIC already complies with all of the domestic and international required regulatory standards that it is calling for. Systematic and coherent regulation combined with the required information on the credit creditworthiness and integrity of providers and the services, will also lead to both additional tax revenues and additional earnings for non-profit organizations in the fields of culture, sports and social causes.

With the amendments to the Austrian Gaming Act passed in 2010, a basis for legal and player protection-focused business practices by market participants in the field of fixed-location gaming was created. Effective legal measures preventing illegal gaming were also put in place.

## The opportunities of a new regulatory environment in Austria were successfully used

The implementation of this new regulatory environment in Austria has already been taken advantage of by NOVOMATIC, particularly with regard to machine gaming in Lower Austria and Upper Austria. NOVOMATIC will be operating state-licensed machines in these federal states. NOVOMATIC has also applied for Austrian casino concessions. The Group expects that, in the near future, there will also be significant changes to the regulatory environment in other countries, particularly within the EU, such as those currently underway in Germany. In the wake of these changes, NOVOMATIC plans to increase its presence on such markets with responsibly designed gaming services.



# Sustainability Report

# Foreword by the Chief Executive Officer

Dear Reader,

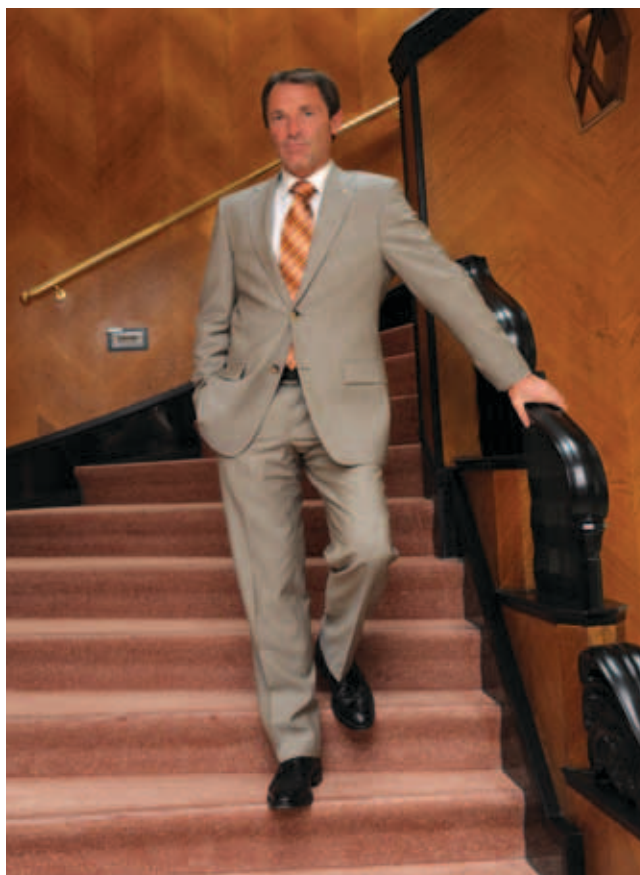
For years the sustainability report has been a fixed component of our Annual Report. It is our objective to act responsibly in a sensitive industry and to use this report to once again give an account of developments, successes and challenges in our company. Communication with various stakeholders over the past reporting year has encouraged us to continue purposefully on our path of transparency and willingness to engage in dialogue.

In light of the concession tenders which have been underway in Austria for almost a year now, our focus on social responsibility—particularly on our central theme of responsible gaming—has paid off. In the past months, we have been able to respond to the high requirements of the authorities overseeing the tender process with comprehensive and modern concepts and standard-setting further development of our Responsible Gaming Program. The strategic focus of our CSR commitment is therefore clear: we will work continuously on the development of modern player protection concepts, invest in dialogue with our stakeholders and in the training and further education of our employees, increase our energy and resource efficiency and remain a reliable sponsoring partner for numerous social causes and cultural initiatives. We also intend to live up to our responsibility as a national and regional employer conducting business with an eye to sustainable and long-term company success.

With the audit of our CSR report by an independent, external partner and our orientation toward the Global Reporting Initiative guidelines, we are setting an example in terms of transparency and comparability.

On the following pages, we would like to show you how entrepreneurial success, sustainable business and social responsibility can enter into a relationship of fruitful interaction.

I hope you enjoy reading it.



**Dr. Franz Wohlfahrt**  
Chief Executive Officer

# Our Stakeholders & Partners

## Our CSR Mission Statement

The principles detailed in our CSR mission statement are intended to serve as guidelines on how to act in all our business activities, and these principles will continue to grow and evolve with our company. The CSR mission statement is published on our website at: [www.novomatic.com/csr/en](http://www.novomatic.com/csr/en)

## Our Stakeholders

Dialogue with our stakeholders provides us with important feedback on our business practices. We define our stakeholders as being all those people and organizations who are directly or indirectly affected by our business activities. In the previous reporting year, we systematically revised our stakeholder map as part of one of our regularly scheduled CSR meetings, and we also identified each group with which we intend to dialog more intensely in the future. You can find an overview of our stakeholders on our website at [www.novomatic.com/csr/en](http://www.novomatic.com/csr/en)

## We Seek Out Dialogue

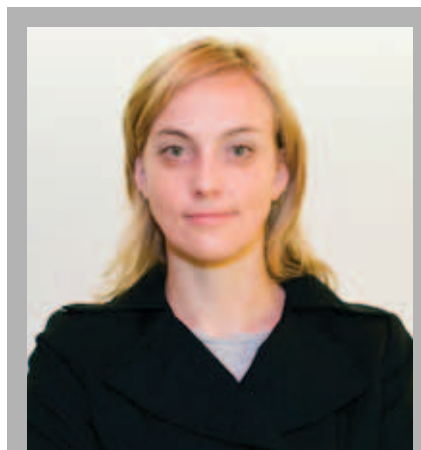
In the 2011 reporting year, we introduced some new communication tools which provide us with new avenues of dialog.

In May 2011, the "NOVONET" platform was put into operation. This Intranet serves as an information clearinghouse for all employees in the Group. Editors from all company departments can contribute content and thus encourage internal networking (please refer to the chapter Employees for more information). Alongside the quarterly CSR newsletter "NovoNews" and a regular CSR jour fixe involving representatives from the most diverse company departments, this year saw us publish our NOVOMATIC CSR newspaper "We care to be fair" for our stakeholders for the first time.

In this report, we would also like to invite some of our partners to express themselves and have therefore asked a number of stakeholders for their statements.

## Portraits of our Employees

In this year's report, we would like to train the spotlight on some of our employees who represent the diversity of NOVOMATIC. In these portraits, we also present a design object from Gabarage, with whom we began a cooperation at the end of 2011. Socio-economic design manufacturer Gabarage arose from a project conducted by the Anton-Proksch Institute and enables former addicts to return to the labor market. Gabarage produces sustainable everyday objects and design objects from refuse and other waste material. Some of these are presented by our employees on the following pages. The bookmarks in our report were also inspired by our cooperation with Gabarage. They were printed on leftover foil at our in-house printing facility.



"The respACT member companies avow the connection between market-oriented thought and action, on the one hand, and criteria and requirements both ecological and social on the other. As Austria's leading platform of companies concerned with corporate social responsibility and sustainable development, we heartily welcome the commitment of domestic companies."

**Mag. Daniela Knieling**  
CEO of respACT - Austrian business council  
for sustainable development



## Radoslav Chlastawa (32)

has been employed at the NOVOMATIC subsidiary HTM since 2005. He accepts bets at the betting counter, and since 2010 he has been a “betting waiter”, who ensures that sports-loving customers feel at home in our outlets.

The plant pot “eine\_mim\_topf” was designed by Michael Hensler. He uses footballs collected over the years combined with scrap wood, cables and cable ties to create innovative plant pots.



# Responsible Gaming

NOVOMATIC aims to connect the sensitive service that is gaming with the utmost responsibility, striving to ensure and further develop a high level of player protection. For this purpose, NOVOMATIC takes its cue from the latest academic findings and engages in constant dialog with experts and assistance organizations. The strengthening of the players' sense of personal responsibility combined with extensive prevention measures stand at the center of these efforts. The training of all employees who come into contact with customers is a prominent feature of NOVOMATIC's Responsible Gaming Program. Knowledge regarding the nature of addiction and competently dealing with people who are at risk of such addiction is an important prerequisite for the realization of player protection. NOVOMATIC implements makes good on this quality claim in actual practice with its extensive training curriculum on the topic of responsible gaming. The Group is supported in doing so by competent partners from renowned counseling institutions.

## The 2010 and 2011 amendments to the Austrian Gaming Act

The main aim of the 2010 amendment to the Austrian Gaming Act was comprehensive regulation of the automated sector ("federal state-licensed machine gaming"). As part of this amendment, the Austrian legislature increased the permitted number of casino licences from 12 to 15, introduced a new type of licence for poker casinos, and adapted the licence conditions for the casino and lottery concessions. The amendment took effect in July 2010.

In November 2010 the Austrian government published another

draft amendment, in which they altered the licence conditions for casino and lottery concessions slightly as part of the 2011 Budgetbegleitgesetz (Ancillary Act).

The objective of these amendments to the law is to provide more comprehensive player protection in a way that is more uniform across Austria. To this end, minimum standards for player protection and an obligatory connection to the Austrian Federal Computing Centre were introduced. This improves supervision and creates instruments with which to effectively combat illegal gaming.

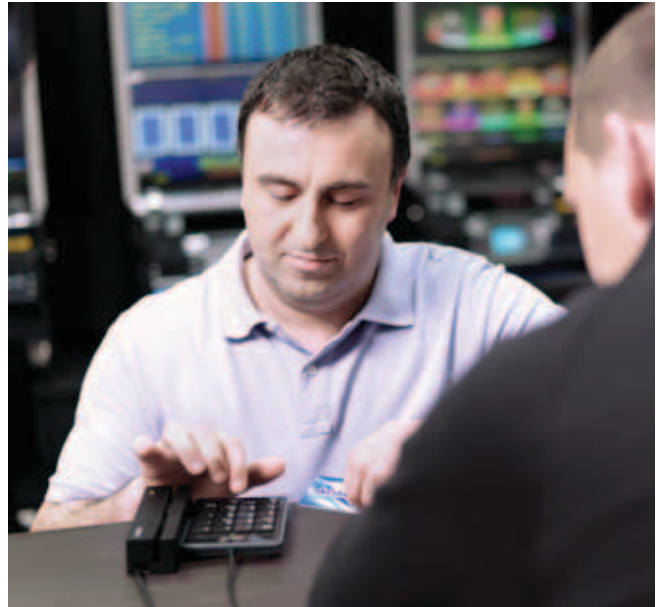
The minimum standards include bet limits for machine gaming in gaming salons (maximum bets of ten euros, maximum jackpots of 10,000 euros per game and a minimum game duration of one second per game, as well as various technical limitations such as a cool-down phase after two hours, a transparent minimum jackpot payout of 85 percent, the required implementation of an entrance system where identification is required, and the obligatory introduction of gaming behavior monitoring and compulsory training programs\*.

These obligatory player protection requirements doubtless establish a pioneering status for the currently effective Austrian Gaming Act, making it one of the strictest in Europe.

## Prevention and Responsibility

NOVOMATIC views its role as being that of an entertainment provider, but is conscious of the fact that gaming is a particularly sensitive service.

\* Note: for so-called lone machines, maximum payments of one euro per game and a maximum payout of 5,000 euros, a minimum game duration of two seconds, a maximum daily play duration of three hours and a minimum payout rate of 82 percent.



The new ADMIRAL Card from ADMIRAL Casinos & Entertainment AG is part of an obligatory registration process for all players

NOVOMATIC therefore strives to create conditions which help players enjoy gaming responsibly—and which include interventionary measures to protect them in the best possible way should they prove unable to do so.

NOVOMATIC is focusing first and foremost on primary prevention (see pillar 1 on page 42) and secondary prevention (see pillars 2 and 3 on page 42). Tertiary prevention and/or treatment must be done by specialist institutions, and NOVOMATIC works closely with such institutions. The fundamental idea of prevention is to prevent the undesirable. Addiction prevention hence pursues the goal of preventing addictive behavior, preventing dependencies and recognizing problematic changes in gaming behavior at an early stage. It is not realistic, however, that all people who are at risk will be recognized.

In its efforts in this regard NOVOMATIC orients itself toward the current “state of the art” in addiction prevention. The role of professional addiction prevention work is to provide the customer with well-founded and neutral information. Only thus does it become possible to replace unrealistic and exaggerated ideas with a realistic perception of the potential for addiction. Knowledge on this topic represents an important component of life skills and the basis of personal responsibility. For players, NOVOMATIC has not only introduced measures to prevent such behavior, but also situational prevention measures which incorporate the social environment of our customers and provide informational material and contacts to counseling institutions.

NOVOMATIC is convinced that effective player protection must reach across business segments and federal states and that it

must include a combination of sustainable measures. Therefore, our program consists of four sustainable pillars:

Pillar 1 – Awareness-raising: information and education regarding risks and dangers, tips on responsible gaming, self-testing, counselling sessions with specially trained prevention agents, and responsible use of advertising.

Pillar 2 – Technical measures: mandatory registration supports players in monitoring their own gaming behavior and makes it possible to block individual players. Entrance restrictions guarantee the most complete possible protection of youth.

Pillar 3 – Voluntary self-restriction: NOVOMATIC offers players the option of limiting their gaming behavior voluntarily basis or having themselves banned completely.

Pillar 4 – Collaboration with player protection institutions: collaboration with independent experts from academic and addiction rehabilitation institutions as well as the continuous improvement of player protection measures in accordance with the latest academic knowledge.

The implementation of these four pillars, however, is highly dependent upon statutory framework conditions which permit us to take on our leading role in player protection. In contexts where the legislation has not provided fair preconditions we are unable to fully implement our measures.

## Further Developments

In May 2011, ADMIRAL Casinos & Entertainment AG (ACE) was founded as a fully owned subsidiary of NOVOMATIC AG. The new company will combine the competences of the NOVOMATIC Group in the operation of casinos, automated casinos and sports betting for the Austrian market. Since it was founded, ACE has applied for licences for federal state gaming machine licenses in Upper Austria and Lower Austria as part of a public call for expressions of interest and has also participated in the call for expressions of interest regarding casino concessions. Once the pertinent transition periods have ended, ACE will appear on the Austrian market as a NOVOMATIC operating company and, dependent on the receipt of licences or concessions, will be operational in the respective segments. The concepts described below will only see full implementation following the receipt of licenses in the respective federal states.

Preparation of the extensive application documents for the various licences has required a great deal of time and human resources. The 2011 reporting year was therefore characterized primarily by conceptualizing developments.

The period since spring 2011 has seen ACE building on existing concepts and developing new measures and tools for addiction prevention in close collaboration with academic institutions, including experts from foreign Group subsidiaries. The programs thus developed have been positively evaluated by academic experts, including Univ.-Prof. Dr. Gabriele Fischer and Dr. Ulrike Albrecht (see statements at right and on page 47).

The ADMIRAL Card was developed for ACE during the year under review based on experience with the NOVOCARD in Lower Austria. This individual player card contains player data in accordance with the applicable legal framework, a photograph and an unique customer number. The new ADMIRAL Card is oriented toward strict data protection standards as have already been confirmed by independent third parties in the case of the NOVOCARD (please refer to the report on the conferral of the EuroPriSe award in the Legal Framework chapter). The ADMIRAL Card records visit data (number of days present and actual duration of play) for each customer in a central database. If a customer should become conspicuous in terms of the frequency of his visits or the duration of his gaming time, an intervention by a trained employee takes place in the form of a warning chat to make the customer aware of the risks of excessive gaming and provide him with contacts to aid organizations.



### GUEST COMMENTARY

Univ.-Prof. Dr. Gabriele Fischer

Many players display signs of illness through their behavior. The 12-month prevalence of pathological gaming is estimated at 0.7 percent, with that of problematic gaming at 0.4 percent. Figures for Austria estimate that around 70,000 individuals between ages 15 and 75 are affected. Studies have found that 0.4 percent of pathological players are women, while 0.9 percent are men. Significantly less women undergo treatment than men, with figures fluctuating depending on the federal state and the counseling center in question.

Gaming polarizes people and is a priority topic for various interest groups—from the gaming industry to players and on to the quickly growing counselling and treatment industry (Austria saw a fifty percent growth in 2011, with 92 institutions). The complex field of gaming must be critically examined in terms of various aspects: The legal framework, the prevalence of pathological gaming, treatment methods and offerings, and the associated costs to society. Science has the central role of establishing ethical conditions, demonstrating quality-assured treatment methods and counteracting the stigmatization of affected individuals. The 2010 amendment to the Austrian Gaming Act mandates the qualitative optimization of treatment guidelines, but a visible implementation of these is yet to be seen. Among other things, there exists a lack of evidence-based data and preventative strategies one reason may be that this area is the responsibility of the Federal Ministry of Finance (BMF).

In the absence of prompt implementation of the guidelines by the BMF, the gaming industry has an increased obligation to generate facts in accordance with their ethical responsibility, to identify people affected by addiction and to provide help. 2006 saw the Medical University of Vienna establish research emphases in the field of addiction as part of a successful collaborative effort with NOVOMATIC. This collaboration adheres to a clearly and transparently defined code of conduct, and the company's positioning in the public health sector is intended to do justice to the social dimensions of this sensitive topic.

## Tanja Bakalov (49)

has been employed in the operational field at ADMIRAL Sportwetten since 1994. She has been the area manager for Vienna and Burgenland since 2005. Her duties involve recruiting staff and training. As a trained prevention agent, works in the interest of social responsibility at ADMIRAL Sportwetten.

The conference bag “up\_geordnet” by Michael Hensel is made of old folders and scrap plywood, making it a unique and innovative companion.



The ADMIRAL Card, like the NOVOCARD, allows each player's visit times to be recorded, upon which basis graded intervention measures can be taken. Social monitoring measures have also seen significant further development. And for all customer interactions, so-called standard operating procedures have been drafted so that the prevention agents will have clear instructions on how to act.

The ADMIRAL Card is designed for use across segments and federal states, and will be introduced in all federal states and gaming segments in which ACE operates once the appropriate licences have been received. A central server will ensure the nationwide effectiveness of gaming bans.

Informational material for customers was also revised. Two informational offerings were designed for different target groups. The general information folder provides tips on responsible gaming and is intended as low-threshold information for all players, whilst a second folder contains concrete help for players who already exhibit problematic behavior. This folder is also aimed at family members, who are usually also affected by addiction.

All of ACE's responsible gaming information is given a uniform logo, which is intended to ensure a high degree of recognition.

### Training and Further Education

The implementation of the training curriculum developed in 2010 enjoyed high priority during the year under review. 64 prevention agents were able to complete their training in June 2011, for which they received corresponding certificates. These prevention agents have since then been employed in Austria, putting what they learned into practice.

A particularly positive development was the responses from addicts in rehabilitation centers, who told us about the professional conduct of our prevention agents.

Employees at headquarters are also well-informed regarding responsible gaming thanks to regular reports on NOVONET or in the CSR newsletter NovoNews.

### Protection of Minors and Matters Concerning Guests

In the last report, we mentioned some infringements in observing provisions for the protection of young people. We also intensified our internal training measures in this regard, heightening the awareness of our employees throughout Austria regarding



#### GUEST COMMENTARY

Mag. Dr. Izabela Horodecki  
President of Spielsuchthilfe  
(Gaming Addiction Assistance)

"That which is an entertaining way to spend free time for some people can be potentially addictive for others, with all the attendant negative consequence. NOVOMATIC, instead of closing its eyes to possible problems, has supported our work with affected individuals for many years."



Awarding the certificates: As part of the Responsible Gaming Symposium in June 2011, 64 employees completed their training as prevention agents

the protection of young people. In this respect we can report some success: the Austrian newspaper Kronen Zeitung published a test in Graz entitled “Betting establishments are indifferent to the protection of young people” in June 2011. Our Group’s outlets were among the few where there were no objections raised in terms of infringements relating to the protection of minors. The young testers were subject to identification checks as soon as they arrived at the premises, after which they were asked to leave. Despite this, however, there was a violation of minor protection in Vienna. We are engaging in continuous and open dialogue with the Viennese Youth Advocacy and are currently working on concrete measures for improvement.

Despite all of these endeavours, legislatures also have a responsibility to act in this sensitive area. This is because minor protection can only be guaranteed on the basis of legally standardised, Austria-wide and uniform obligations to register every gambling and gaming participant. For this reason NOVOMATIC advocates a binding regulation that applies to all market participants.

Like other gaming providers, the Group is faced with customer lawsuits relating to their participation in gaming. These suits relate to a small number of isolated, individual cases. These are for the most part based on claims of legal incapacity due to addiction. To date, none of the Group’s companies has been convicted to this effect.

If proceedings reveal that the customer was legally incapacitated at the time he took part in gaming, then out-of-court settlement of the case is attempted—not least in the interest of

keeping legal proceedings to a minimum. The Annual Financial Statement reflects the allocation of reserves for the affected companies for use in pending legal proceedings.

### Quality Management

In order to achieve systematic control of operational processes in the future and work towards their continuous improvement, ACE intends to introduce a management system by mid-2012 which is certified in accordance with ISO standard 9001. Regular audits and clearly defined processes and standards will contribute to quality assurance, and all processes will be documented in a transparent and comprehensible way. This documentation will form the basis of systematic monitoring of success in the field of responsible gaming.

### Responsible Advertising

NOVOMATIC adheres to a policy of voluntary self-limitation with regard to advertising. The provision of information, rather than the exaggerated stimulation of gaming requirements, stands at the center of our advertising and marketing activities. We have made a conscious decision to distance ourselves from all sponsoring activities relating primarily to the target group of children and young people.

We also consider social initiatives focused on children and young people to be inappropriate. ACE also aims, wherever possible, to use ten percent of the surface area of all its advertisements and advertising campaigns for a responsible gaming message. In the future, all information on the topic of responsible gam-

ing and gaming addictions will bear the responsible gaming logo developed by us (at right). This will serve to ensure a high degree of recognition.

## Responsible Gaming Internationally

NOVOMATIC provides its products and services only in regulated markets with clear regulatory and legal frameworks. Our management approach with regard to responsible gaming on the international level is therefore characterized by a dynamic perspective which takes into account changes in the various regulatory environments as well as in the various political, social and cultural environments.

The basic requirement in all international operations is that our employees have a basic understanding of how pathological gaming behavior arises and how it can be recognized. This is a Group standard, regardless of the jurisdiction in question. In all operational markets, therefore, employees are provided with basic training.

Thus there presently exists systematic monitoring of the regulatory environment at the group level; however, there is currently no defined process for the introduction of responsible gaming standards. The stated objective is now to standardize and unify the various international responsible gaming programs on the basis of the Responsible Gaming Code developed in April 2012.

### Fields of Action

Implementation of the ADMIRAL access and traffic light system	2012	Being implemented
Publication of new information folders	2012	Soon to be delivered
Ongoing evaluation by gaming addiction experts	2012	Being prepared
Publication of Responsible Gaming Code	2012	Being implemented
Determination of process for responsible gaming activities on international markets	2012	In planning
Implementation of quality assurance measures in the form of specifications	2012	Being implemented



#### GUEST COMMENTARY

Dr. rer. nat. Ulrike Albrecht  
Psychology graduate and addiction therapist

For many years the NOVOMATIC Group, as a provider and manufacturer of gaming and gaming equipment with a certain addiction potential, has consistently taken on the challenge, of doing justice to its social responsibility. The associated addiction prevention concept developed by the NOVOMATIC Group has also seen continual further development via many years of cooperation with scientific and clinical experts, and it has now become a defined objective of the Group in the context of its independent Responsible Gaming Department.

Irrespective of the various politically generated legal political requirements, which are often not proactive and are only as effective as their enforcement by the authorities, the NOVOMATIC Group—with its Responsible Gaming Code concentrates on the various business areas and countries.

The NOVOMATIC Group's Responsible Gaming Program is impressive thanks to its high standard of quality, which consists of extensive social and technical processes aimed at safeguarding and increasing the effectiveness of player protection. This can ultimately facilitates the success of early intervention in cases of problematic and addictive gaming behavior, which can in turn serve to prevent further negative psycho-social consequences for affected individuals and members of their families who are likewise affected.





## Metin Akbiyik (16) and Kenan Bajram (17)

are mechatronics apprentices at manufacturing subsidiary Austrian Gaming Industries. As part of their training, they learn not only the skills required for electronics repair but also those needed for the manufacture of test systems.

The “deEscalator” bench by Michael Hensel was produced using segments from escalators. Thanks to its creative design, which employs four wheels and carefully rounded corners, it is a surprisingly comfortable rocking chair.

# Our Employees

Our employees form the real cornerstone of NOVOMATIC's success story. Their dedication, their creativity and their motivation characterise our corporate culture and have contributed substantially to the positive development of our business over the past few years. Despite the difficult prevailing economic conditions, we will continue on our path of working as a group to develop NOVOMATIC further in the coming years.

## Employment Trend

In 2011 we increased our personnel capacities in accordance with the positive development of the Group's business. At the end of the year, NOVOMATIC employed 12,057 (2010: 10,956) employees worldwide. 2,670 (2010: 2,533) of these were employed in Austria. In Austria as a whole, the number of personnel (excluding inactive employment relationships) was as follows on 12/31/2011:

Total turnover and the discrepancy between men and women decreased slightly compared with 2010. In the hospitality segment, there was a clear decrease by 4 percentage points while the figure in the electrical and electronics industry/IT field increased by 3.5 percentage points. The increase shown here was experienced in all business segments. Further analyses are planned for 2012 so that appropriate compensatory measures can be introduced. Both full and part-time employees are of course entitled to our company benefits. Almost all employees in Austria fall under a collective bargaining agreement.

## Recruiting and Recruitment Marketing

The previous year's development process in the area of recruitment continued apace. In 2011 the focus was on the further development of applicant management.

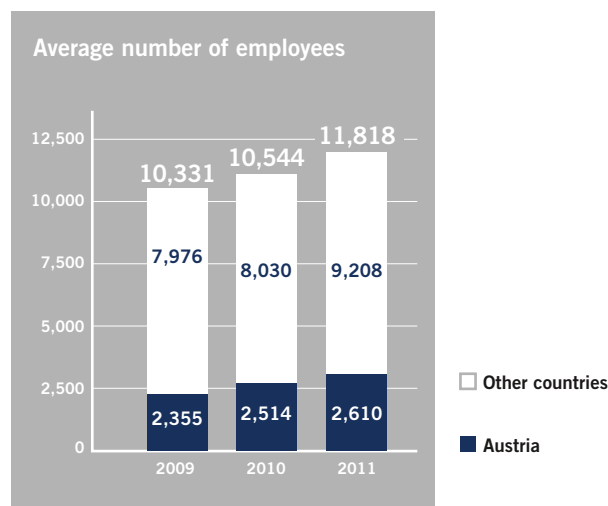
Calculated according to GRI indicator (LA2)

	Men	Woman	Total
Salaried employees	827	424	1,251
Commercial apprentices	4	3	7
Hourly employees	788	596	1,384
Trade apprentices	10	0	10
Independent contractors	5	13	18
<b>Total</b>	<b>1,634</b>	<b>1,036</b>	<b>2,670</b>

The turnover rate was as follows in the year under review:

Collective bargaining agreement	Men	Women	Total
EI + IT*	8.7 (4.8)	11.4 (8.9)	9.6 (6.1)
Hospitality	19.7 (24.4)	27.7 (30.9)	23.1 (27.1)
<b>Total</b>	<b>15.0 (15.9)</b>	<b>22.2 (23.7)</b>	<b>17.8 (18.8)</b>

\*Electrical and electronics industry + IT



# Ready for promotion?

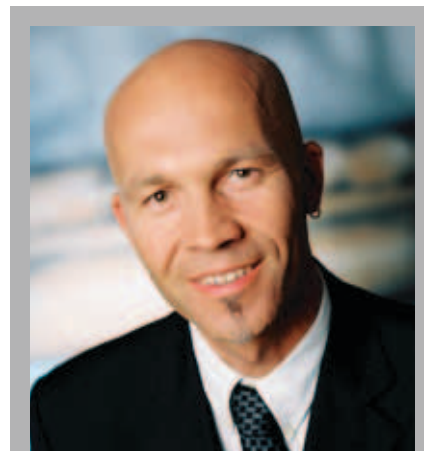


An IT tool was implemented which, beginning in the second quarter of 2011, helped to record and process 2,461 of 3,075 applications in a structured manner Austria-wide (excluding Greentube Internet Entertainment Solutions GmbH and Funstage Spielewebseiten Betriebsges. m.b.H.). The application process was significantly optimized as a result.

The trainee program, which has been used to build a highly qualified young talent pool, was continued with great success. This pool consists of individuals with broad-based corporate and industry knowledge. This twelve-month program, cycles the trainees through various departments at Group headquarters in Gumpoldskirchen and also allows them to gather international experience at the Group's subsidiaries. Their time spent working in the areas of production and operation, ensures their ability to relate to the operational segment as well as to understand the overall context. A total of four trainees were taken in 2011 and all of them received job offers for permanent employment within the Group after having completed the trainee program.

We also continued our target group-specific recruitment marketing activities in 2011, during which we participated in the most important job fairs. We also modernized our personnel marketing campaign. As a result our positioning as an attractive employer was further reinforced, enabling us to meet personnel requirements quickly and at an optimum level of quality in the future. Closer cooperation with relevant training institutions, particularly in the technical segment, is planned for 2012.

As announced in the 2011 report, we intensified internal communication within the NOVOMATIC Group via the introduction of our Intranet (NOVONET). Users can easily navigate through the different areas thanks to the platform's unified design, coherent structure, search function and multilingual features.



© Petra Spiola

"Since Volkshilfe was founded 65 years ago, helping the weakest people in our society has been our central cause. In light of the economic turbulence and tight budgets in recent times, we have been increasingly reliant on the social responsibility of companies like NOVOMATIC in order to give a voice to people who are disadvantaged and to alleviate poverty."

**Erich Fenninger**  
Federal Managing Director  
of Volkshilfe Österreich

Thanks to this Intranet, employees can now access centrally stored information on corporate structure, guidelines, emergency procedures and much more. An initial step connected employees of NOVOMATIC AG, Austrian Gaming Industries GmbH, ADMIRAL Casinos & Entertainment AG, HRG Formenbau + Kunststofftechnik GmbH and Novomatic Forum were networked. It is planned to integrate other Group companies in 2012. The fact that the Intranet is set up as a portal solution ensures the integration of further systems.



## **Katharina Radlinger (27)**

successfully completed the NOVOMATIC trainee program at the beginning of 2011. After having worked in production and various operative areas, as well as having completed one month stay abroad, she is now a full-time employee in the area of research and development department, coordinating projects for the System Analysis Department.

The bag “gaba\_zip” was designed by Yella Hassel. It is made from used truck tarpaulins and lined with neoprene.

## Training and Further Education/ Human Resource Development

Since 2011, training and further education activities have been combined under the umbrella of the NovoAcademy, which is certified in accordance with ISO 9001: 2008. The training and education offerings of the NovoAcademy are oriented toward the requirements of NOVOMATIC and its subsidiaries, thus contributing to continuous development and quality improvement across all the Group's business segments. As part of this concept's implementation, care was taken to employ modern methods that correspond to the state of the art in adult training. 2011 saw the implementation of an e-learning system that is already available to a target group of around 500 employees with learning content lasting around six hours. A massive expansion of both the learning content and the number of users will be undertaken in 2012. A "blended learning" approach, which combines face-to-face training and e-learning, is used. The implementation of our training concept for Operations was continued during the year under review. Particular emphasis was given to addiction prevention and player protection. This entailed the further training of prevention representatives. There are currently 64 employees with corresponding training. In addition, 444 service employees received basic training on addiction prevention and communication during the reporting period.

The foreign language initiative was continued in Gumpoldskirchen and was expanded to include other languages. Foreign languages currently on offer are English, Spanish, Italian, French, Russian, Polish and Hungarian. We also provide courses in German as a foreign language for our employees with migratory backgrounds.

Quality management was also a focus in our training and further education offerings. Subsequent to the design and planning phase in autumn 2011, we were able to welcome 30 employees into the course; these individuals will graduate as "Quality System Employees" in spring 2012. The year under review saw us take on eight new apprentices in Austria. At the end of the year, we employed ten trade and seven commercial apprentices at NOVOMATIC. 17.6 percent of our apprentices are female. In 2012 we plan to optimize our training activities, with a particular focus on revising our training plans and adapting them to meet current requirements. Alongside professional training, the development of apprentices' social skills is an issue that is important to us.

## Diversity and Equal Opportunities

With exports to over 70 countries and gaming operations in 32 states, we are in regular contact with different cultures. It therefore goes without saying that we attempt to meet this diversity with employees of different backgrounds. Our company's success is founded upon the differing perspectives of our employees. In Austria alone, we employ individuals from 43 countries. 24.4 percent of our employees in Austria hold foreign citizenship (2010: 22.8 percent). The share of women employed in Austria was 38.8 percent (2010: 37.6 percent). We are particularly proud of the fact that both of these groups are represented at all levels of the Group's hierarchy. It goes without saying that we will pursue our ideal of evaluating performance without taking gender, background, age or disposition into consideration. The share of employees with disabilities in Austria is very low, at just over one percent. This is an area on which we intend to work on in the coming years.

## Occupational Health and Safety

Occupational health and safety are considered highly relevant by the NOVOMATIC Group. It goes without saying that we ensure places of work that are safe and healthy. In addition to her consultation hours, our company doctor is available to our employees in connection with all issues relating to business trips abroad. The offer of an annual checkup including blood work, EKG and back check was taken up by 141 employees in 2011. In addition to this, employees can receive inoculations (TBE, influenza, country-specific vaccinations) and health advice. All of this is viewed positively by our employees. Since March 2010 our employees have benefitted from a cafeteria at our Group headquarters that serves healthy dishes and is also open to employees in the subsidiary companies.

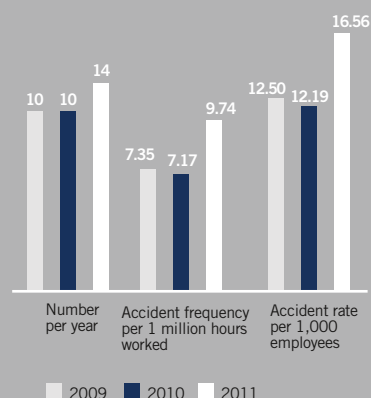
As stated in the previous report, an employee survey on health was conducted during the first half of 2011 in order to find out how to improve our offerings. We have already implemented the majority of suggestions relating to the cafeteria. The health issues raised by the respondents were evaluated and will be given consideration in an in-house health program. Furthermore, we support our employees' participation in a number of sporting events as well as via attractive offers at partner companies. Occupational safety and accident prevention are also an important focus of our activities. In Austria, occupational safety is regulated by laws and ordinances, compliance with which is verified by our external safety officers.

During the year under review, all legally mandated prevention measures were carried out. These included activities such as providing advice to employers and employees, the inspection of workplaces, the determination and assessment of hazards, the establishment of hazard prevention measures and the conduct of occupational safety committee meetings. In the first half of 2011, an evacuation drill was carried out in collaboration with the fire department. As part of this exercise, an opportunity to donate blood was offered in cooperation with the Red Cross, and training sessions were held on both fire extinguisher use and basic first aid.

Changes in the database led to revision of the accident figures for 2009 and 2010. The statement in last year's report according to which all relevant figures had been markedly reduced must therefore be modified. With regard to the frequency of accidents and the accident ratio, this period witnessed a slight reduction; the number of accidents, however, remained the same. In 2011, all three figures worsened despite all our efforts to optimize them. This fact strengthens our resolve to continue with the measures for accident prevention as described in last year's report. The revision of the emergency plan announced in the last report was implemented during 2011, and the updated version is currently available to employees via the Intranet.

**Accidents on the Job - Accident Frequency - Accident Rate**

(AGI Location: Gumpoldskirchen)



**Key Employee Figures**

Development of the Group-wide personnel controlling system was continued during the year under review. Due to the creation of new payroll accounting software and various unplanned projects, roll-out to international companies had to be postponed.

Key figures	2009	2010	2011
Number of employees	2,424	2,533	2,670
Women	38.8%	37.6%	38.8%
New employees	591	460	789
Average age	36.8	37.0	37.7
Immigrants	22.8%	22.8%	24.4
University graduates	4.7%	7.7%	7.2%

Number of employees in Austria excl. inactive employment relationships

**Fields of Action**

Development of a program for uniform management staff development	2011	Programme design completed
Implementation of pilot measures for management staff development	2012	New objective
Young talent pool-trainees	2011	Implementation in progress
Qualification program for Operations, Addiction Prevention/CSR	2011	Ongoing implementation and optimisation
International roll-out of e-learning	2012	New objective
Design of a system for Group-wide controlling of employee related data	2011	Design of an international personnel controlling system underway
Establishment of professional networks within the Group	2011	Implementation in progress
Professionalization of the NovoAcademy	2011	Certification attained. Implementation in progress
Employee health survey in Gumpoldskirchen	2011	Done
Health program for Gumpoldskirchen	2012	Implementation of initial measures
Creation of a Group-wide management system for health and safety	2012	Postponed
Optimisation of apprentice training	2012	New objective

## Otto Kukla (46)

has been employed at NOVOMATIC since 1989. He works in Production Management and, as a certified environmental manager, in the Waste Management Department as well. Since the beginning of 2012, Otto Kukla has been the environmental officer of the NOVOMATIC subsidiary Austrian Gaming Industries

The “long\_ton\_sofa” is an innovative piece of seating furniture. It consists of a converted trash dumpster with upholstery made from truck tarpaulins and is both comfortable and practical.



# Our Ecological Responsibility

The development and production of innovative technology is a crucial element of NOVOMATIC'S core business as an integrated gaming group. We possess state-of-the-art production facilities for a degree of vertical integration that exceeds 90 percent. The responsible use of resources is therefore an essential component of our ability to continue living up to our goal of being a technological leader.

During the year under review, we were contacted on more than one occasion by business partners in the industry who are committed to ecological responsibility and want to be informed regarding their business partners.

We respond to this challenge with measures in the following three areas:

- » Ecological-efficiency: the objective is that the manufacturing of our products and services be as environmentally friendly and resource-saving as possible.
- » Energy-efficiency: the objective is the minimisation of energy consumption by identifying potential energy savings.
- » Consciousness-raising: the objective is to motivate our employees to support our environmental initiatives.

The measures and developments as well as data and figures presented here concern only Group headquarters and the production site in Gumpoldskirchen. Uniform data collection concerning all environmentally relevant processes and materials cycles in the company has not yet been instituted. Only once a consistent data collection system is achieved at Group headquarters will it be possible to expand this within Austria in a meaningful way, following which it can be expanded to include foreign subsidiaries.

## Electronic Workflow

In headquarters in Gumpoldskirchen, invoice processing and purchasing has been done using an electronic workflow since the start of 2011. Until now it has been necessary to produce several copies and print-outs of such documents for internal documentation purposes or for ordering by fax. These are now saved and edited digitally. As part of the evaluation of our electronic workflow conducted as part of a project with the school HTL Mödling, a base value for paper consumption was set. The project group also provided recommendations for more exact consumption data collection which will be implemented in the near future.

## Waste Management

2011 saw the amount of waste generated at Gumpoldskirchen reduced by 16 percent. The trend of past years has thus been continued: thanks to the improved sorting of refuse, the amount of non-recyclable waste is being constantly reduced while other waste materials have remained more or less at the same level as in the previous year. In summer 2011 we began a joint project with Gabarage, a manufactory for design items. As a result of this project, various waste materials and leftover materials from production have been given a second lease of life. Even if it does not encompass significant quantities of waste, this cooperation nonetheless does contribute to raising awareness of the issue.

The waste management concept was also evaluated as part of the above mentioned project with HTL Mödling. The plans for the set up of trash receptacles were updated and optimized.



Furthermore, concrete options for optimizing the disposal of luminescent material pipes and packaging waste were also examined. The first quarter of 2012 saw an official environmental officer appointed for manufacturing subsidiary Austrian Gaming Industries GmbH (AGI). This allows important topics such as waste management, ecological optimization of materials cycles, and improving energy efficiency to be combined for the first time. The environmental officer is directly subordinate to the responsible AGI CEO and is currently responsible for preparing the development and implementation of an environmental management system. One example of the many projects toward the reduction of waste is the following: Since September 2011 a 24 Dyson Airblade hand dryer has been used in the production department at headquarters in a test phase. Over the first four months, this resulted in 20 percent cost savings on paper towels. An extensive roll-out of Dyson Airblade hand dryers in bathrooms in the office area is currently being considered.

### Energy Efficiency Project

In 2010 energy purchasing was centrally coordinated, and the project of synchronizing energy supply agreements was concluded. In 2001 the total energy consumption of NOVOMATIC in Gumpoldskirchen was 61,2000 gigajoules (17.0 gigawatt hours) for an overall building area (usable floor space) of 72,000 square metres including offices and production facilities. Natural gas consumption amounted to 780,000 cubic metres (8.1 gigawatt hours) and electricity consumption totaled 8.9 gigawatt hours, for which the energy suppliers indicated that the share of renewable primary energy sources used in energy generation was 55.6 percent (as of September 2010).

In the 2011 reporting period, a working group on energy efficiency was founded; this group is comprised of employees from the areas of Facility Management, Environment Management, Building Services Engineering and CSR. 2011 also saw the company ALLplan commissioned to develop energy efficiency measures. Various proposals are currently being examined with regard to their feasibility. The concrete measures being looked into include using solar cells, retrofitting the lighting with energy-saving LED technology and using wind energy. Additional case-specific optimization measures such as the installation of heat recovery plants in individual areas of production are also being discussed.

### Raising Awareness

Making our employees more conscious of such issues is still a significant challenge at NOVOMATIC. The CSR newsletter

NovoNews addresses environment-related issues on a regular basis. The long-term goal is to establish a cross-departmental system of environmental management. This should contribute to improved collection of consumption data, emission quantities and material cycles.

	Waste quantity in tonnes	Change compared with 2010 in %	
Scrap wood	120.66	-37.6	↓
Wood dust	20.96	-29.3	↓
Electronic waste (non-hazardous)	27.32	15.6	↑
Screens/monitors	28.816	-39.4	↓
Fluorescent tubes	0.367	-25.1	↓
Cables	0.57	-92.7	↓
Circuit boards	2.12	19.1	↑
Scrap iron	60.74	7.5	↑
Oil-contaminated solids	0.31	36.0	↑
Dry/consumer batteries	0.595	65.3	↑
Aerosol cans	0.242	-	
Paint & varnish	1.027	-63.6	↓
Glue & adhesives	37.78	-15.1	↓
Used oil in containers	2.58	63.3	↑
Developing baths	19.44	4.5	↑
Old varnish (containing solvents)	1.441	279.2	↑
Solvent mixture (halogen-free)	0.7	-31.4	↓
Rechargeable batteries/ vehicle batteries	0.18	-71.0	↓
Plastic packaging & styrofoam	66.32	11.6	↑
Residual waste	181.228	-11.6	↓
Cardboard packaging	132.38	4.2	↑
Used glass	0.102	-	
<b>Total</b>	<b>714.138</b>	<b>-16.0</b>	↓

Creation of an energy-saving folder for employees	2012	In planning
Implementation of consultants' recommendations for improvements in energy efficiency	2012	In planning
Implementation of water-saving measures	2012	In planning
Implementation of an environmental management system	2013	New objective

**Upcycling design instead of recycling:** The socioeconomic design manufactory Gabarage provides people with less-“streamlined” resumé the opportunity to get back into the job market. At the same time, Gabarage is making a statement against our throwaway society and for individual design with their reuse of waste materials.

For more information please visit:  
[www.gabaraage.at](http://www.gabaraage.at) or the showroom at Schleifmühlgasse 6, 1040 Vienna.



Plant pot “eine\_mim\_topf” by Michael Hensel



Conference bag “up\_geordnet” by Michael Hensel



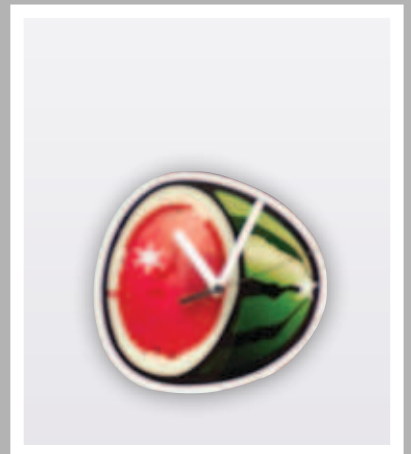
Escalator bench “deEscalator” by Michael Hensel



“gaba\_zip” bag by Yella Hassel



Trash dumpster sofa “long\_ton\_sofa” by Michael Hensel



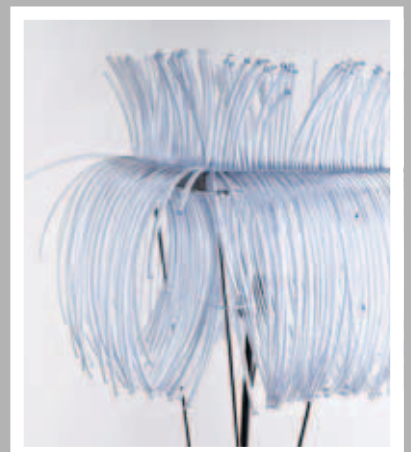
Plexiglas “spieluhr” (musical clock) by Nicola Brandmayr



“up\_genäht skizze” book cover by Yella Hassel



“buchhocker” (book stool) by Michael Hensel



Floor lamp “spaghetti\_standup” by Raffaele Amabile

## Monika Letić (24)

has been looking after the Balkan region in her role as an assistant in the Global Division Department since 2011. Her remit includes sharing information with headquarters in Gumpoldskirchen and the operational subsidiaries in Serbia, Montenegro, Macedonia, Kosovo and the Republika Srpska.

The “Spieluhr” (musical clock) by Nicola Brandtmayr was produced using leftover Plexiglas from gaming machines. Its varied subjects make this item a unique eye-catcher.



# Sustainable Business

In its 32<sup>nd</sup> year of existence, NOVOMATIC has not only come to be not only one of the most successful companies in Austria but also a vital contributor to regional and national value creation. Its manufacturing as well as its strategic decision to locate important production locations in Austria along with the headquarters of its Research & Development activities are only two examples of NOVOMATIC's sustainable and long-term growth strategy. NOVOMATIC is also creating value in an international context. With production locations in five countries and company operations in 32 countries around the world, NOVOMATIC ensures the existence of around 12,000 jobs.

## Value Creation in Austria

Despite the international focus of a Group with an export quota of more than 90 percent, NOVOMATIC—with its headquarters in Gumpoldskirchen, Lower Austria—is committed to its roots in the Austrian industrial landscape. The company has made a conscious decision not to follow the prevailing trend of outsourcing and secures highly qualified and attractive jobs in Austria even in difficult economic times. Leading international companies like NOVOMATIC also play an important role as part of the Austrian economy's backbone and represent important hubs of innovation and economic dynamism. In its economic networking with a multitude of small and medium-sized businesses, the NOVOMATIC Group is also creating additional jobs there—generates value creation and innovation.

A study conducted by the Federation of Austrian Industries in 2011 highlights this role of leading international companies such as NOVOMATIC as economic multipliers and drivers of

innovation. This study shows that in Austria, 1 million euros of value creation generated by a leading company led to additional value creation of 2.1 million euros in small and medium-sized businesses. One job created by a leading company guarantees an additional 2.3 jobs at other Austrian companies.

The figures from the 2011 business year prove NOVOMATIC's macroeconomic significance as a leading company and economic factor in Austria. Austria-wide the payments to suppliers and business partners in the context of ongoing business operations totaled 139.5 million euros.

If the expenses for materials and related services arising directly from the product creation are taken into consideration, then NOVOMATIC's suppliers and business partners generated turnover of 278.7 million euros in the 2011 reporting year.

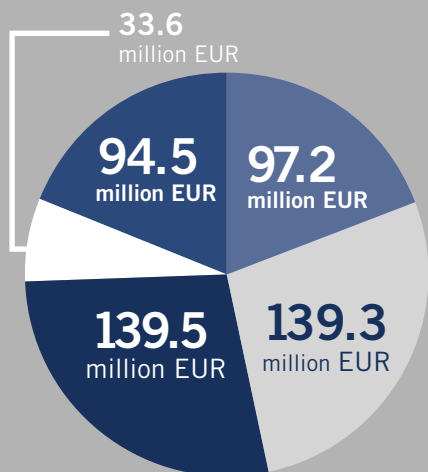
The sums of money remitted to public authorities are also considerable. Gaming taxes paid in Austria amounted to 53.1 million euros last year, with overall tax expense amounting to 94.5 million euros. NOVOMATIC is a guarantor of secure jobs; total wages and salaries paid in Austria amounted to 97.2 million euros.

With respect to issued bonds, NOVOMATIC paid out 22.4 million euros to investors, with total payments to creditors amounting to 33.6 million euros.

NOVOMATIC invests in innovation and thus in the future of the company. With investments in Research & Development considerably higher than the industry average, NOVOMATIC is maintaining its position as the industry's innovation leader.

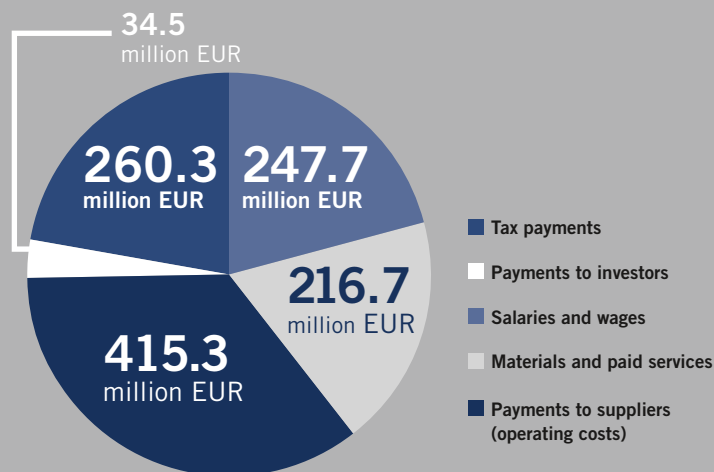
### Cashflow (Austria)

Cashflow to stakeholders in Austria 2011



### Cashflow (worldwide)

Cashflow to stakeholders worldwide 2011



### Investments in Corporate Citizenship

In the federal state of Lower Austria alone, we have supported thirteen cultural projects, six social and economic initiatives, and around 50 sports associations and events. Throughout Austria, we have made commitments to more than 250 different associations, initiatives and projects.

### Value Creation in an International Context

With production facilities and competence centers in Austria, Germany, Great Britain, the Czech Republic, Hungary, Russia and Argentina as well as sales and distribution activities in more than 70 countries, NOVOMATIC also makes a significant contribution to creating and securing jobs on an international level. Around 12,000 NOVOMATIC Group employees around the world collected wages and salaries amounting to 247.7 million euros.

Payments to suppliers and business partners amounted to 632.0 million euro in the 2011 fiscal year, of which 216.7 million euros were spent on material and product-related services. On the international level, the NOVOMATIC Group's tax payments contributed 260.3 million euros to public budgets.

### Sustainable Financing

Sustainability is an important element of NOVOMATIC's corporate strategy, and the financial strategy derived from this is thus long-term and conservative in character. A solid level of debt, a high equity ratio and large liquidity reserves in the form of revolving usable credit lines and short-term investments make

up the central components of this strategy. NOVOMATIC sets great store in having an internationally diversified investor base in order to limit liquidity and financing risk. Investments were made in accordance with the Group's similarly conservative investment strategy—that is to say, exclusively with banks with good credit ratings so as to minimise the risk of capital loss.

The Austrian capital market is an important source of financing for the NOVOMATIC Group. NOVOMATIC AG has already issued three corporate bonds amounting to a total of 500 million euros in total and is thus a regular issuer on the Austrian capital market. The bonds, in particular those placed during 2010, enjoyed high demand among Austrian private investors.

Securing profitability is accorded central priority, since this is only in this way that NOVOMATIC can uphold its responsibility to its stakeholders in the long-term. The key figures of the NOVOMATIC Group indicate that its combination of a consistent growth strategy with a conservative financing strategy has proven to be a successful one. This corporate strategy underpins NOVOMATIC's ability to make a significant contribution to society.

	ISIN	Amounts	Maturity	Interest rate
Bond 2005-2012	AT0000492962	EUR 150 million	7 years	3.75% p.a.
Bond 2010-2015	AT0000A0G3Z9	EUR 200 million	5 years	4.50% p.a.
Bond 2010-2017	AT0000A0KSM6	EUR 150 million	7 years	5.00% p.a.

The NOVOMATIC Group's growth strategy is driven by both organic growth and acquisitions. In terms of company takeovers, those chosen were generally small-to-medium-sized projects with future potential that could strategically complement our portfolio. Newly-acquired companies were integrated into the Group, with great importance being accorded to collaboration with local partners. Thanks to its profitability and over 30 years of experience in the industry, NOVOMATIC can help the companies acquired to expand further and thus ensure the preservation and creation of jobs on site.



#### GUEST COMMENTARY

Anita Hartig

Soprano at the Vienna State Opera

"The NOVOMATIC scholarship made it possible for me to concentrate on my artistic development. The importance of promoting young artists cannot be emphasized enough. I would therefore like to thank NOVOMATIC for their commitment."



**Christine Knotz (46)** left

has supported the head of the legal department by conducting research and preparing contract drafts since 2011.

**Julia Schachter (33)** right

has also been employed by the company since 2011. She is an intellectual property lawyer and focuses on the protection of brand and intellectual property rights as well as on the battle against product piracy.

Used advertising banners are typically used to cover up ugly construction sites. Now they are finding use as a binding for the notebook “up\_genäht skizze” by Yella Hassel.

# Legal Environment & Data Protection



Kirsten Bock (left), head of the Independent State Centre for Data Protection, presents the seal of approval to Dr. Monika Racek, Head of the Responsible Gaming Department at NOVOMATIC.

During the year under review, the Austrian federal states of Upper Austria and Lower Austria issued a public call for expressions of interest for the segment “Federal State-Regulated Machine Gaming”.

ADMIRAL Casinos & Entertainment AG applied for federal state gaming machine licenses and will be active in this segment pursuant to the receipt of said licences and once the applicable transition periods end.

In the “Casino” segment during the year under review, the Federal Ministry for Finance issued the public call for expressions of interest for the casino concessions in the cities of Bregenz, Graz, Innsbruck, Linz, Salzburg and Vienna that expire on 31 December 2012.

In this segment, as well, there exist extensive regulatory requirements and strict guidelines, particularly regarding to addiction prevention, player protection and regulatory authority measures, which must be adhered to. The NOVOMATIC Group has applied

\*Walter Schwartz, Jeannine Weissel and Manuel Vogelsberger

for “Package 1”, although well-known renowned experts indicate that there is considerable doubt regarding to the extent to which the granting of these casino concessions in predetermined and indivisible packages is legal and in conformance with European law.

We consider the current tendency towards prohibitive legislations, as seen in the federal state of Vienna, to be exceptionally problematic. Despite its doubtless intrinsic sensitivity, gaming is a form of entertainment that is recognized and accepted by society. We are therefore of the opinion that an outright gaming ban would be useless and in fact counter-productive in a regulatory sense. The negative consequence of this would be in particular gaming’s being forced into the realm of illegality. We are convinced of the fact that sensitive services such as gaming should be available exclusively in a regulated form and, as established in the new Federal Law, subject to strict regulatory limitations that enable the effective protection of minors and other vulnerable groups as well as the monitored payout of winnings.

## Data Protection

In the 2011 reporting year, the NOVOCARD traffic light system was awarded the EuroPriSe Data Protection Seal of Approval of the Independent State Centre for Data Protection (ULD) in Kiel, Germany. The data applications and processes behind the NOVOCARD traffic light system were subject to a thorough test concerning the responsible treatment of customer data—particularly with regard to the system’s built-in precautionary measures, which exceed the legal requirements. This makes NOVOMATIC Group Europe’s only gaming provider to have met the high standards of the EuroPriSe Seal of Approval. It is also intended to obtain the EuroPriSe Seal of Approval for the ADMIRAL traffic light system.



## Viktor Peterka (30)

has been working for NOVOMATIC since 2000. He was originally employed in mould and die construction; now, having returned from paternity leave, this trained pattern-maker is contributing his experience to the in-house printing facility where his job includes the production of Plexiglas parts.

The “buchhocker” (book stool) by Michael Hensel consists of glue-laminated books and cushioned seating surfaces. Old tennis balls are used on the bottom of this creative piece of furniture to protect the floor.



# Corporate Citizenship

Social responsibility has a long tradition at NOVOMATIC. We feel obliged to share our entrepreneurial success with society, to contribute to social solidarity and hence, maintain commitments in the realms of art, culture, social initiatives, the economy, academia, research and sports. Numerous projects from our four areas of emphasis are presented on the following pages.

## Our Sponsorship Guidelines

NOVOMATIC's sponsorship strategy focuses on four core areas which are intended to contribute toward sharpening the company profile. These include the arts and culture—in this regard, NOVOMATIC focuses on young and upcoming talent and includes a particular focus on the special artistic area known as “Art Brut” (outsider art). In its sponsorship of charitable organizations, NOVOMATIC focuses on emancipatory projects in which the idea of helping people to help themselves stands at the forefront—one example of this is the project THARA run by the aid organization Volkshilfe Österreich. Our involvement in the fields of academia and the economy is intended to promote innovation and entrepreneurial spirit. As a sports betting provider, we mainly support sports clubs—more than 50 in Lower Austria alone. In this, we provide support to both professional and recreational athletics. We pay particular attention to helping athletes with disabilities.

In the interest of observing our responsibility as a gaming provider, we exclude children and minors as a target group in our advertising and sponsoring commitments. We also include regional focuses in the vicinity of Group headquarters in Gumpoldskirchen and in each of the federal states in which we operate. Our complete sponsorship guidelines and CSR mission statement are available online at [www.novomatic.com/csr](http://www.novomatic.com/csr).

### Fields of action

Sharpening the sponsorship strategy focus	2012	Ongoing
Stakeholder commitment	2012	Implementation in progress



“The relationship between NOVOMATIC and museum gugging has existed for four years and is characterised by lively and appreciative cooperation. Thanks to the generous involvement of NOVOMATIC, exhibitions which are very important and special to us can be shown in museum gugging's NOVOMATIC Salon. These exhibitions are accompanied by catalogs which document them for posterity. Thanks to this support, the gugging message—that people with special needs are capable of creating great art via the expression of their innate creativity—is being carried further afield. The example of August Walla, probably the most versatile Art Brut artist of the 20<sup>th</sup> century, provides further impressive documentation of the fruitful symbiosis between NOVOMATIC and museum gugging; NOVOMATIC's financing of the four volume edition of Walla's complete works has now made the equally diverse, universal and unique life's work accessible to a wider audience.”

**Mag. Nina Katschnig**  
Location Manager at the museum gugging



August Walla, Saturnus, Courtesy of Diamond Collection & Copyright Art Brut KG

# We invest in Society

## International

### Licht ins Dunkel ●

A classic Austrian aid organization that we, as a company that is conscious of its social responsibility, have supported for many years.

### ZUKI – Zukunft für Kinder ●

As a patron of ZUKI (A Future for Children) we support street children by providing them with school educating and medical care as part of the Austrian television host Claudia Stöckl's project in Calcutta, India.

### Disaster management ●

When natural disasters disrupt human existence, NOVOMATIC takes the affected people around the world under its wing and helps them to rebuild, for example after the earthquake in Chile or the flood in Paraguay.

### HOPE 87 ●

This Viennese association has been implementing development projects on health, social issues and agriculture in Senegal for 20 years. We support HOPE 87 in undertakings including construction of and the provision of equipment for wards.

### Handcycling athletes ●

Hand cyclists Wolfgang Schattauer and Markus Schmolz, both of whom enjoyed great success in global competitions, cycled to victory with our help.

### Stiftung Deutsch Sporthilfe ●

In accordance with the motto "Performance, fair play, cooperation" this foundation supports German athletes as a way of recognizing their contribution to the reputation of the country. Values which they uphold serve to strengthen a community, and they are ones which we should all live up to and work to reinforce.

- Art and Culture
- Economy, Academia & Research
- Society & Environment
- Sport

## Arts & Culture

### Novomatic Forum

Vienna



In the autumn of 2009, this unique location for the arts and culture at the center of Vienna opened its doors to present a special architectural jewel from the 1920s in a new light. The art deco building designed by architects Hermann Aichinger and Heinrich Schmid, both of them students of Otto Wagner, was purchased by NOVOMATIC and renovated in close cooperation with the Federal Monuments Office.

[www.novomaticforum.com](http://www.novomaticforum.com)

### Ö1 Kooperation

National

On Radio 1, you hear not only what you should hear but also what you enjoy hearing: the festival program from Europe's best cultural station, sponsored by NOVOMATIC.

### Culture Association of Austrian Romania

National

NOVOMATIC supports efforts for equal rights and recognition for this persecuted minority through its sponsorship of an unusual documentation project on the Romani people.

### Vienna State Opera

Vienna

The NOVOMATIC scholarship program for the training of young vocal talents at the world-renowned Vienna state opera, does its part to help art and business learn from one another—in euphony and harmony.

### Armes Theater

Vienna

Consider the theatre as a place of provocation: Armes Theater (Poor Theater) opens up new approaches and facilitates opportunities for talent to have the space and support that it needs to develop.

### Wiener Festival der Bezirke

Vienna

The festival focuses on contemporary art and culture in the context of societally relevant issues, and it confronts people with art and culture in everyday situations.

### YOUNG ART AUCTION

Vienna

The YOUNG ART AUCTION offers the young art scene's "high potentials" a place to present their work. For art collectors, this auction is playing a pioneering role within the Austrian artistic scene.

### Niederösterreichischer Kulturpreis

Lower Austria

Since 1960 Lower Austria has been promoting performance in the field of art and academia via the conferral of the Lower Austrian Cultural Award. And we are glad to promote the variety of creative artists in our Group's home state.

### Tonkünstler-Orchester Niederösterreich

Lower Austria



For more than 100 years, this tradition-steeped Lower Austrian orchestra has been one of the most important institutions in Austrian musical culture. We have been a proud patron of this renowned orchestra since 2009.

### museum gugging

Maria Gugging, Lower Austria

Since 2009 NOVOMATIC has been supporting museum gugging, which makes works from the famous House of Artists accessible to the public.

### Cinema Paradiso

St. Pölten, Lower Austria

Lower Austria's first art-house cinema shows festival hits, US independent films and award-winning films from Austria, Europe and the rest of the world—such variety calls for strong supporters.

**Open Air Festival Stockerau***Stockerau, Lower Austria*

We don't want to be absent when Alfons Haider unleashes his on-stage magic. Since 2004, we have supported the entertaining festival program at the Stockerau City Church.

**J:opera Jennersdorf:Festivalsommer***Jennersdorf, Burgenland*

Burgenland's Tabor Castle spends every summer as a cultural interface hosting exhibitions, concerts and creative children's with our support to the enthusiasm of the entire region.

**Festival Delirium***Salzburg*

We support the concert series "Festival Delirium" organized by the world renowned director and Karajan pupil Gustav Kuhn.

**Slovenian National Concert***Klagenfurt, Carinthia*

Every year since 2008, we have been lending our support to an impressive concert at the Konzerthaus in Klagenfurt concert hall to celebrate Slovenia's independence.

**Schauspielhaus Vienna** *Vienna***Wiener Lustspielhaus** *Vienna***Kulturverein Gumpoldskirchen***Gumpoldskirchen, Lower Austria***Maria Enzersdorfer Festspiele***Maria Enzersdorf, Lower Austria***Werner Berg Museum** *Bleiburg, Kärnten***Jewish Museum Vienna** *Vienna***Business, Academia & Research****Addiction research and treatment***National*

Thanks to NOVOMATIC's cooperation with renowned institutions, including the addiction treatment outpatient department at Vienna General Hospital and the Anton Proksch Institute, we provide major support to research on and treatment of non-substance-related addictions. Telephone help lines and websites have been set up together with specialists and psychologists.

**Austrian Life Science Award***National*

As a technology group, NOVOMATIC's desires to demonstrate with the ALSA that academia has innovative solutions to offer for social challenges. The ALSA intends to fetch young academics out of their ivory towers and make research accessible and understandable.

**Austrian Innovation Forum***National*

We promote the AIF based on our conviction that innovation, creativity and motivation are important factors in more than just our success.

**biber Academy***National*

We promote the young journalistic elite and support the biber academy's new educational program "mit scharf": 20 talented young journalists with migratory backgrounds receive a two-month basic journalism training course at biber and then do internships at leading domestic media.

**Pfingstdialog Steiermark***National*

This forum for the political, academic, cultural, economic and social issues of a new Europe has been providing strong impulses for public discussion of the important issues of our time since 2007.

**Theodor Körner Fonds***National*

We contribute with conviction to this fund which encourages young academics and artists and recognizes their most outstanding works with awards, thus strengthening the progress of domestic innovation.

**Verein Wirtschaft für Integration***Vienna*

Multilingualism and immigration strengthen Vienna as a place in which to live and as a center of business. Qualified employees and well educated young people represent potential which this association seeks to support and challenge.

**move on young entrepreneur prize***Wiener Neustadt, Lower Austria*

NOVOMATIC—once "merely" the project of a young entrepreneur, now a global corporate group: our own history makes us proud to support the "move on" initiative.

**Alpbach Forum Scholarships***Alpbach, Tirol*

As part of the Alpbach reform talks, speakers and participants from all over the world come together to discuss current issues and find interdisciplinary approaches to finding solutions. With these scholarships, we have been enabling university students to participate in these learned discussions since 2008.

**garabage upcycling design***Vienna*

This socioeconomic business employs disadvantaged people, thereby easing their (re)entry into the labor market and producing products from waste materials. Creative products for a good cause that we ourselves use.

**SCN Science Center Network***National***Societal Causes & Environment****Nein zu Arm und Krank***National*

Poverty makes you ill. Illness makes you poor. This initiative with the motto: "No to poverty and illness" seeks to shake up people in Austria via targeted projects and benefit events: poverty and illness can strike anyone.

**Hilfswerk Österreich***National*

Austria's largest non-profit provider of health, social and family services supports people in need from childcare to eldercare - and we support this association's provision of these in its services to society.

**ÖZIV****(Austrian Civil Association of Invalids)***National*

In order to support people with disabilities, NOVOMATIC has been sponsoring an award for special achievements by people with physical disabilities since 2009.

**Volkshilfe** *National***CliniClowns** *National***die möwe Kinderschutzzentren***National***SOS Kinderdorf** *Hinterbrühl, Lower Austria***Sports****Promotion of tennis as recreational sport***National*

As Vice President of the Austrian Tennis Association, CEO Dr. Franz Wohlfahrt advocates tennis as a recreational sport and has initiated the platform playtennis.at.

**Sponsorship of football***National*

From hobbyists to the lower leagues on to the Austrian Bundesliga, our sports betting provider ADMIRAL supports over 100 associations and has assumed patronage of Vienna's City league. SK Rapid, Austria Wien, Sturm Graz, Wacker Innsbruck and LASK Linz are some of our most prominent football partners.

**National Wheelchair Basketball Team***National*

Whenever the national wheelchair basketball elite battle for baskets and points on an international court they can count on our support.

**NOVOMATIC Running and Nordic Walking Arena***Gumpoldskirchen, Lower Austria*

## Josef Kotrba (54)

has been the Novomatic Forum's Reception Manager since 2009. He welcomes visitors to the Forum with a great deal of charm and is their contact person for any questions or other issues. He ensures that Forum guests feel welcome and well looked after thanks to his prudence and commitment.

The elegant floor lamp "spaghetti\_standup" was designed by Raffaele Amabile and is a real eye-catcher. It was made from old picture frames and transparent tubes.

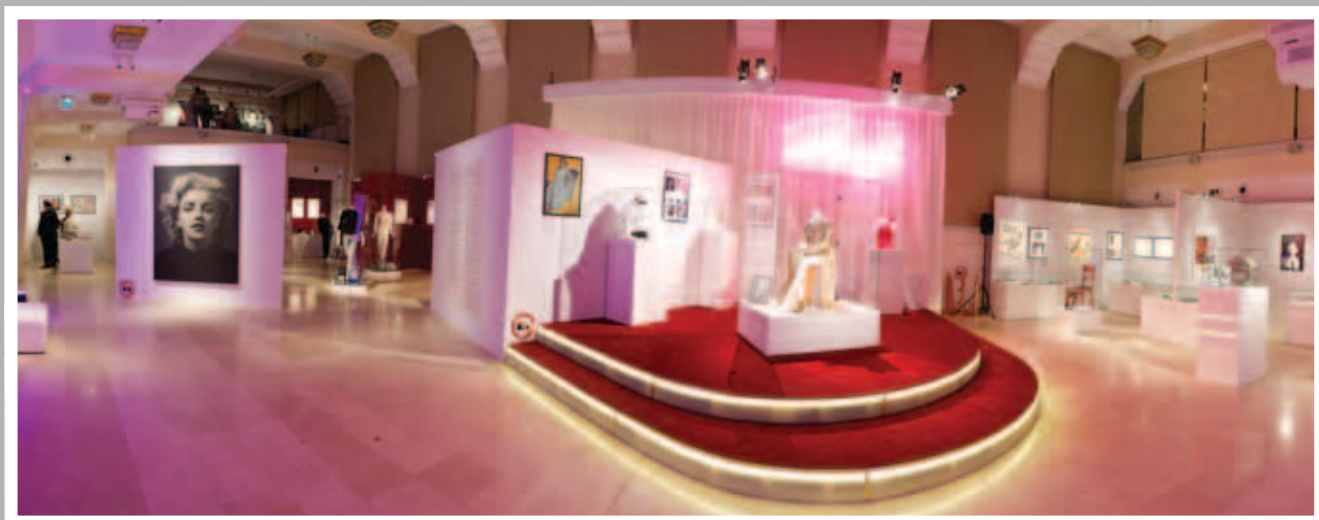


# The Novomatic Forum

Since its opening in summer 2009, the Novomatic Forum has established itself as an institution and a versatile event location at the heart of Vienna. Cooperating closely with the Federal Monuments Office, we succeeded in preserving this architectural jewel in a way that is faithful to the original and making it accessible to the public. The Novomatic Forum considers itself to be a builder of bridges between art, culture, business and society, and it puts creative discourse front and center. The forum is not just open for seminars and conferences: with numerous exhibitions, cultural events, podium discussions and a regularly held Jazz Brunch, the Novomatic Forum is also the symbolic roof over all of the NOVOMATIC Group's CSR activities.



Monroe collector Ted Stampfer, fashion designer Lena Hoschek, CEO Franz Wohlfahrt and model at the preview of the exhibition "Marilyn: Intimacy"



View of the exhibition "Marilyn: Intimacy" in the Novomatic Forum ballroom



Governor Dr. Erwin Pröll (second from left) and his artistic directors (Werner Auer, Michael Niavrani, Elfriede Ott, Jürgen Wilke and Alfons Haider) at the Theaterfest press conference in Lower Austria



CEO Franz Wohlfahrt welcomes State Opera Director Dominique Meyer to the Forum (before a painting by Art Brut artist Heinrich Reisenbauer)



Peter Turrini with Nina Katschnig (museum gugging), CEO Franz Wohlfahrt and Johann Feilacher (curator, museum gugging) at the "Weltallende" catalogue presentation on August Wallas' work.



Raimund Deininger, managing director of Artware, views one of 68 works that were auctioned off as part of the Young Art Auction

Photograph: Arnold Pöschl, Artware – Young Art Auction

The NOVOMATIC AG CSR Report is published annually, together with the Annual Report, at the end of April. The last two reports are available online at [www.novomatic.com/CSR](http://www.novomatic.com/CSR). The data and information contained in this report relate to the 2011 calendar year.

In selecting the topics and setting priorities, we gave consideration to significant stakeholder interests and assigned relative weightings to aspects of our business activities with a material impact on the environment, society and stakeholders. The weighting of the topics was done based on NOVOMATIC's core business and on the company's significant strategic challenges. Input from stakeholder meetings and internal discussions were incorporated into the weighting of the topics. Due to the largely autonomous way in which our subsidiaries operate, the data is not yet uniformly comparable. This report, therefore, is for the most part limited to describing the situation in Austria, with environmental data referring only to the Group's Gumpoldskirchen facility.

We do plan to expand the database to the Group level, but we regard this as a long-term project. For reasons of confidentiality, we do not publish any information relating to investments in Research & Development. Similarly, NOVOMATIC has made a conscious decision not to publish the amounts that it invests in sponsorship and social initiatives as we want to draw attention to the results and successes of our partnerships and not to the financial assets deployed. Due to the different way in which data is gathered, the cashflows indicated in the chapter "Sustainable Business" are only partially comparable with the figures indicated in the previous year's report. The same applies to the energy consumption data in the chapter "Environment" because it has been subject to a different calculation method. In next year's report, however, the figures will be comparable with those in this year's report.

Has this report met your **expectations**, answered your **questions** and dealt with all the **issues** that are important to you? We look forward to **hearing from you** and receiving your **feedback** and **constructive criticism** regarding our Sustainability Report.

Dr. Monika Racek (Head of CSR) can be contacted regarding the above at [csr@novomatic.com](mailto:csr@novomatic.com)






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"No sustainable development without transparency" is the motto of the Global Reporting Initiative (GRI). The Global Reporting Initiative provides an extensive reporting framework in close collaboration with the UN Global Compact. The guidelines of the Global Reporting Initiative make it possible for companies to give account of their economic, ecological and social achievements in the form of a sustainability report. With our orientation toward the GRI guidelines (third generation), NOVOMATIC indicates its commitment to transparency and internationally comparable reporting standards.

The present report fulfils the requirements for Application Level C of the Global Reporting Initiative. In addition, we voluntarily submitted our report for review by an external partner. You can find additional information on the Global Reporting Initiative at [www.globalreporting.org](http://www.globalreporting.org)

Application Levels	C	C+	B	B+	A	A+	
<b>Required Criteria</b>	G3 Profile Disclosures 	Report on: 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15	If Report Externally Assured	Report on all criteria listed for level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17	If Report Externally Assured	Same as requirement for level B	If Report Externally Assured
	G3 Management Approach Disclosures 	Not required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators 	Report on a minimum of 10 G3 performance indicators, including at least one each from the Economic, Social and Environmental categories.		Report on a minimum of 20 G3 performance indicators, at least one each from the Economic, Environmental, Human rights, Labour, Society, Product Responsibility categories.		Respond on each core G3 and Sector Supplement Indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

# Independent Limited Assurance Statement

## on certain aspects of the NOVOMATIC Sustainability Report 2011

We have reviewed the data and information disclosed in the chapters “Responsible Gaming”, “Our Employees”, “Sustainable Business” and “Corporate Citizenship” of the 2011 NOVOMATIC Sustainability Report (the “report”). The report and the underlying procedures, systems and structures, including subject matters and criteria, are the responsibility of NOVOMATIC’s management. Our responsibility is to issue a conclusion based on our review.

We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and the expert opinion of the Professional Committee for Corporate Law and Audits on Carrying Out Other Reviews (KFS/PG 13) in order to obtain limited assurance on the subject matter covered by the assignment. The scope in a limited assurance engagement is more limited than in a reasonable assurance engagement, for which reason a lesser degree of assurance can be obtained.

This engagement was performed on the basis of the “General Conditions of Contract for the Public Accounting Professions,” as issued by the Chamber of Public Accountants and Tax Advisors in Austria on 21 February, 2011 (AAB 2011). According to Section 8 of the AAB 2011, our liability is limited to wilful intent and gross negligence. In the event of gross negligence, the maximum liability is limited to EUR 726,730. This amount constitutes a total maximum liability cap which may only be utilized up to this maximum amount even if there is more than one claimant or more than one claim has been asserted.

### Subject Matters

We have reviewed the data and information disclosed in the chapters “Responsible Gaming”, “Our Employees”, “Sustainable Business” and “Corporate Citizenship,” whereas the review was limited to the data and information covering Austria.

### Criteria

Based on an assessment of materiality and risk, we have evaluated the information and documents obtained with regard to the conformity of the subject matters to the following criteria: **relevance/materiality, balance, comparability, accuracy, reliability, clarity.**

### Proceedings

Our work included analytical procedures as well as interviews with the NOVOMATIC executive board and employees from the headquarters in Gumpoldskirchen notified by the executive board, as well as from four selected operations (two in Vienna, one in Lower Austria and one in Styria).

### Limitation of Reliability of the Review

Our engagement is limited to the data and information disclosed in the chapters “Responsible Gaming”, “Our Employees”, “Sustainable Business” and “Corporate Citizenship” with regard to Austria. We have not performed any assurance procedures on other data or information presented in the Report. We have not reviewed comparative data, derived from the 2010 Sustainability Report. The scope of our review was limited to samples. Our work was performed on a sample basis as we deemed necessary in the particular case, but did not include any substantial testing. Therefore, the assurance that we obtained from our evidence gathering procedures is limited.

### Conclusion

Based on our work described above, nothing has come to our attention that causes us to believe that data and information in the chapters “Responsible Gaming”, “Our Employees”, “Sustainable Business” and “Corporate Citizenship” regarding Austria are not appropriately disclosed.

Vienna, 27 April 2012  
Deloitte Audit  
Wirtschaftsprüfungs GmbH

**Dr. Michael Heller**  
Financial Auditor

**p.p.a. DI Hannes Senft**  
Engagement Manager



**Consolidated Financial  
Statement**  
NOVOMATIC AG Group

# Management Report

on the 2011 Individual Financial Statement and Consolidated Financial Statement, NOVOMATIC AG, Gumpoldskirchen

## 1. Economic Conditions

The global economic dynamic flagged noticeably over the course of 2011. Following global economic growth of more than 4 percent in 2010 due to economic stimulus programs following the severe recession, 2011 saw only approximately 3 percent. While strong corporate investments led to significant growth at the start of the year, the public debt crisis in the European Monetary Union developed into a dominant economic theme around the middle of the year. Problems in the banking sector came to light as a result of this crisis, and the financial markets reacted with a great degree of nervousness and volatility.

According to the World Bank, the crisis in the Eurozone will also contribute to the global economy's will only growing at a measured pace in 2012. And in fact, a decrease in economic performance of 0.3 percent is expected for the common European currency area.

In Austria, the Austrian Institute of Economic Research (WIFO) predicts that, following healthy growth of 2.9 percent in 2011, 2012 will see an increase in economic performance of little more than 0.4 percent. From the middle of the year, the economy may see an upturn (according to WIFO), but the dynamic will remain muted due to the public-sector austerity measures being implemented in many countries. While the export-oriented Austrian economy will receive stronger growth stimuli from countries outside of Europe, it will likewise be dragged down somewhat due to the restrained development of the Eurozone.

The rate of inflation in Austria in 2011 was 3.3 percent; it is projected that inflation will slow to 2.1 percent in 2012.

## 2. Developments and Trends in Gaming

In 2011, the global gaming market grew by 12.6 percent according to a study conducted by the auditing company PriceWaterhouseCoopers (PwC). A further study by GBGC (Global Betting and Gaming Consultants) indicated that global gaming expenditure last year exceeded the USD 400 billion mark for the first time. PwC expects an annual increase of 9.2 percent on average until 2015, with this clear increase being primarily due to the economic dynamics in the Asia-Pacific area.

In 2011, the gaming market in the USA posted a considerable increase of 3.5 percent for the first time following the severe slump occasioned by the global recession. Despite this growth, gross gaming revenues remain 1.6 percent short of the 2007 figure. An average increase of 5 percent is predicted for the coming years. This growth will be borne primarily by the expansion of regional casino markets such as those of Pennsylvania, Florida and Massachusetts at the expense of the Atlantic City region, while the Nevada region (which includes the cities of Las Vegas and Reno) will continue to develop positively.

The Asia-Pacific area will be the region with the fastest growing gaming turnover in the coming few years, as well. In 2009, Europe was, with 32 percent, the most important gaming market in the world, followed by North America (including Mexico) with 29 percent and Asia with 27 percent. However, 2010 saw Asia overtake both markets. Alongside the already established gaming industry in Macau, in just a few years Singapore has developed into a significant new gaming center.

And the Chinese state lotteries likewise contributed to Asia's becoming the biggest gaming market in the world. An annual increase in gross gaming revenue of 18.3 percent on average is expected until 2015, whereby the rate of growth is forecast to flatten out from 2013 onward.

In comparison to the rest of the world, the European gaming market was hit hardest by the financial crisis. Last year's turnover was still 22 percent below the comparable figure from 2007 and, according to PwC, will only increase by an average of 2.4 percent per year until 2015. Alongside the financial crisis and investor uncertainty associated therewith, it is above all regulatory changes, the introduction of smoking bans and increases of gaming taxes in various jurisdictions that are responsible for this market's below-average development.

The Latin American gaming market is much smaller than the aforementioned markets, but it has shown strong growth rates. The forecast for the coming years assumes growth of 8.1 percent per annum—to come primarily from Chile and Argentina. The increase in per capita income and the consequent increase in expenditures for entertainment, including gaming, are responsible for the positive trend.

The global gaming market continues to be dominated by lotteries and casinos, each of which account for approximately 28 percent of the whole market. GBGC is of the opinion that this ratio will shift in the favour of casinos in the coming years - this is a development that will be influenced by strong growth in the gaming centers of Macau and Singapore. Gaming machines operating outside casinos are the third-largest market segment at approximately 22 percent, followed by betting with a 14 percent market share.

The market for online gaming (with PCs, smart phones and tablet computers) will also grow considerably in the future. The significant stimuli for this come both from the increasing availability of broadband connections and, from the fact that, in Europe, considerable efforts are being made to liberalize and regulate this segment. In the Scandinavian countries and in Great Britain, online gaming makes up about 25 percent of all gaming—and this figure is set to increase in the coming years, primarily in countries such as Italy, France and Spain, as a result of new legal provisions. Alongside online sports betting, it is the increasing number of online casino games and online poker games that will support this increase.

In terms of gaming machines, the trend toward video machines with additional features (such as networking) is continuing. Since Italy issued licences for 57,000 new video lottery terminals (VLT) in 2009, it is probable that, in the medium-term, other European countries will follow this example. This is not least due to the fact that the VLT technology provides maximum security and real-time monitoring for the gaming authorities thanks to direct data interfaces.

### 3. NOVOMATIC AG General Corporate Development

#### a. Rough Analysis of Important Business Development and Overview of Financial Data

NOVOMATIC AG is the holding company of a globally operating gaming group that pursues an integrated market strategy as a manufacturer and operator as well as a content provider of games for licensed online and offline providers. During the reporting period, the company successfully retained and built on its position both as Europe's leading integrated gaming group and high-tech developer of gaming equipment, and as a top player in the industry globally.

The company's dual strategy as a manufacturer of state-of-the-art gaming equipment and as an operator of casinos, electronic casinos and sports betting outlets proved to be particularly well-suited to this still somewhat challenging market environment. Overall, however, the general economic situation in NOVOMATIC AG's markets was characterized at least to some extent by the consequences of the global economic crisis, which greatly affected certain Eastern European countries.

In the year under review, the NOVOMATIC Group reinforced its position as one of the top-ten branded companies in Austria. In the Austrian brand value study "Eurobrand Austria 2011," NOVOMATIC took fifth place with a brand value of EUR 2.2 billion (2010: seventh place). The NOVOMATIC Group was the only company to have annual growth for eight years in a row and, in 2011, was "number one" in relative growth amongst the top listed companies, at 13 percent.

NOVOMATIC AG strives to have an internationally diversified investor basis in order to limit liquidity and refinancing risk. Correspondingly, despite a difficult capital market environment in the fourth quarter of 2011, a German promissory note bond with a volume of EUR 42 million was issued. The funds from this transaction were used to optimise the financing structure.

The NOVOMATIC AG Group further intensified its information offensive relating to addiction prevention during the reporting period. Following the establishment of a competence network for the area of Responsible Gaming, new regional addiction prevention representatives from all over Austria were given information on and further trained in the problems of pathological addiction by renowned experts in intensive training sessions. Because of the significance of this topic, these training sessions were implemented as an integral component of the Group's internal training program. The entrance control system for gamers introduced in various Group gaming facilities was awarded the EuroPriSe data protection seal of approval. This confirmed the fact that NOVOMATIC places a great deal of value on the protection and security of personal data.

## Consolidated Financial Statement

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

## Turnover and Earnings Performance

### Profit and loss statement (condensed version with selected positions) in million EUR

	2011	2010	Difference in %
<b>Revenues</b>	<b>1,386.8</b>	<b>1,183.7</b>	<b>17.2</b>
Material cost and cost for purchased services	-216.7	-263.1	-17.6
Personnel expenses	-312.3	-264.7	18.0
Other operating expenses (including gaming taxes)	-575.8	-442.1	29.8
<b>EBITDA (= earnings before interest, taxes, depreciation and amortisation)</b>	<b>490.9</b>	<b>449.4</b>	<b>9.2</b>
<b>EBITDA margin in %</b>	<b>35.4</b>	<b>38.0</b>	<b>-6.8</b>
Depreciations and amortisations	-236.3	-226.3	4.4
<b>EBIT (=operating profit)</b>	<b>254.5</b>	<b>223.1</b>	<b>14.1</b>
Financial result	-39.4	-24.9	58.2
Pre-tax earnings	215.1	198.2	8.6
<b>Annual profit</b>	<b>160.3</b>	<b>131.5</b>	<b>21.9</b>

In the 2011 fiscal year, Group revenue amounted to EUR 1,386.8 million, a 17.2 percent increase in comparison to the previous year. This positive development is attributable in particular to an 18.2 percent increase in earnings from machines and a 12.4 percent increase in earnings from lease, while sales revenue fell by 18.2 percent in comparison to 2010. Another reason behind the growth is the significant increase in online gaming revenue.

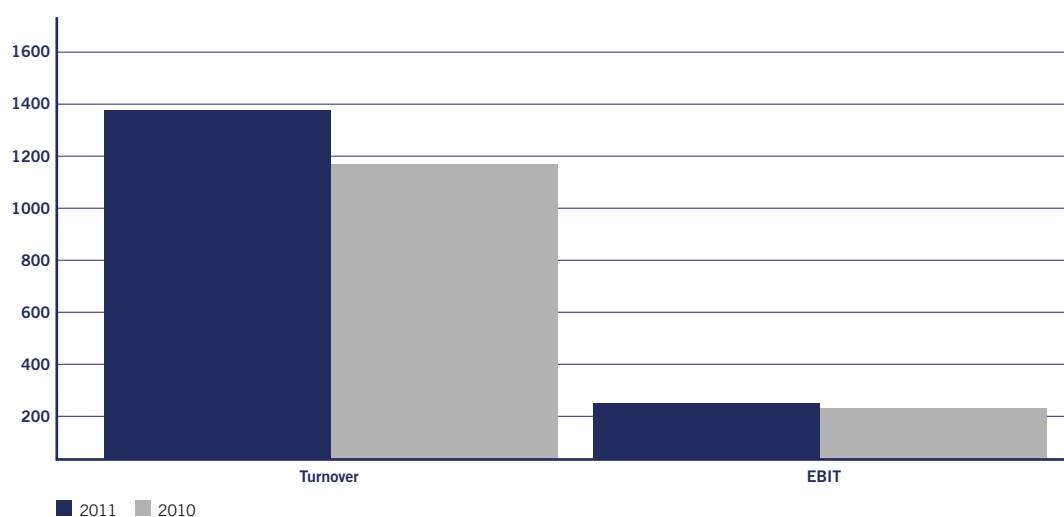
The largest share of the EUR 600.3 million in gaming machine income for 2011 came from revenues amounting to EUR 232.6 million in Austria and EUR 162.4 million in Germany. The increase in Germany is mainly attributable to the acquisition of Spielbank Berlin Gustav Jaenecke GmbH & Co. KG.

As a result of the lower sales revenue, expenses for material and purchased services fell from EUR 263.1 million to EUR 216.7 million. The increased personnel expenses (plus 18.0 percent) were caused by strong growth in Italy as well as by acquisitions that took place in the past 12 months (particularly the Spielbank Berlin group and BPA Freizeit- und Unterhaltungsbetriebe). The number of employees in the Group increased by 10.0 percent to 12,057 employees.

In terms of other operating expenses (including gaming taxes), there was an increase from EUR 442.1 million to EUR 575.80 million in 2011. A significant share (EUR 146.0 million) of these expenses are gaming-related taxes and other non-earnings-related taxes.

Depreciations across the Group rose by EUR 10.0 million in comparison to the previous year. The EBITDA for 2011 was improved by EUR 41.5 million or 9.2 percent in comparison to the previous year. That led to a somewhat reduced EBITDA margin of 35.4 percent compared to 38 percent in 2010. Operating profit increased to EUR 254.5 million, making for a plus of 14.1 percent or EUR 31.4 million.

### Development of 2010: "Revenues" and EBIT (in million EUR)



The financial result reached a value of EUR -39.4 million compared to -24.9 million in the previous year. The reason for this is the increased interest expense from bonds issued and increased financial expense, which are related to the complete takeover of the Greentube Group in 2011. After consideration of tax expenditures amounting to EUR 69.0 million, the Group was left with an annual profit from ongoing business activities of EUR 146.2 million. This means an increase of 10.3 percent in comparison to the year 2010. The annual profit including discontinued business activities increased by 21.9 percent to EUR 160.3 million.

### Cash Flow

Across the Group, cash flow from operational activities totalled EUR 430.3 million in 2011 compared to EUR 286.9 million in the previous year. In addition to the increased operating profit, the most significant deviation in comparison to the previous year was in working capital.

Cash flow from investment activity amounted to EUR -237.0 million in the year under review and thus led to a positive CF effect of EUR 140.4 million in comparison to the previous year. The comparative value for the previous year was EUR -377.4 million. The reason for this deviation was low investment in tangible assets (predominantly gaming machines).

Cash flow from financing activity amounted to EUR 43.1 million in 2011, that is, a decrease of EUR 103.0 million in comparison to the previous year. While a bond was issued in 2010, in 2011 there were no similarly significant changes in financial liabilities.



Free cash flow, which was still negative at EUR -90.5 million in 2010, was increased to EUR 193.3 million; this represents an increase of EUR 283.8 million.

## Balance Sheet Structure

Balance Sheet (condensed version) in million EUR	2011	2010	Difference in %
<b>Assets</b>			
Non-current assets	1,274.4	1,214.8	4.9
Current assets	909.3	610.9	48.9
<b>Balance Sheet Total</b>	<b>2,183.7</b>	<b>1,825.7</b>	<b>19.6</b>
<b>Liabilities</b>			
Equity	841.5	738.0	14.0
Non-current liabilities and provisions	772.4	828.1	-6.7
Current liabilities and provisions	569.8	259.5	119.6
<b>Balance Sheet Total</b>	<b>2,183.7</b>	<b>1,825.7</b>	<b>19.6</b>

The balance sheet total rose by EUR 358.1 million in comparison to 31 December 2010 and amounted to EUR 2,183.7 million on 31 December 2011. In terms of non-current assets, this is attributable to an increase in intangible asset values by EUR 100.1 million to EUR 248.9 million (particularly licences and concessions related to business activity in Italy) while shares in associated companies fell by EUR 60.5 million to EUR 84.4 million. The latter was due primarily to the increase of shares in Telcos S.r.l. and its inclusion in the full consolidation group.

The Group's total investment activity amounted to EUR 292.3 million in 2011, of which EUR 56.8 million was invested in intangible assets and EUR 235.5 million in property, plant and equipment. In comparison to the previous year, this corresponds to a decrease in investment of EUR 55.9 million.

The largest share of investments in property, plant and equipment was in gaming machines, manufactured mostly in-house, with investments of EUR 123.8 million. Investments in intangible assets in 2011 consisted mainly of investments in licences and concessions, which amounted to EUR 38.3 million.

Investments in million EUR	2011	2010
Intangible assets	56.8	13.0
Property, plant and equipment	235.5	335.1
<b>Total investments (Capex)</b>	<b>292.3</b>	<b>348.2</b>

Current assets increased by EUR 298.4 million to EUR 909.3 million. The biggest share here is bank deposits, representing an increase of EUR 220.3 million or 104.3 percent in comparison to the previous year. This increase in bank deposits is the result primarily of investments with regard to the repayment of a bond that is due in October 2012.

Deferred tax claims amounted to EUR 37.3 million in 2011 compared to EUR 31.1 million in 2010.

Equity capital rose by EUR 103.5 million to EUR 841.5 million, of which EUR 51.4 million consisted of other shareholders' shares. In addition to this, equity capital is comprised of the registered capital of NOVOMATIC AG (amounting to EUR 26.0 million), the capital reserves amounting to EUR 1.0 million), retained earnings (amounting to EUR 790.9 million), valuation reserves as per IAS 39 (amounting to EUR -2.2 million) and the currency translation adjustment (amounting to EUR -25.5 million). The share of equity capital in total capital is now 38.5 percent compared to 40.4 percent in the previous year. The return on equity is 18.7 percent.

Non-current liabilities were reduced to EUR 772.4 million in the previous fiscal year, while current liabilities rose by EUR 310.3 million to EUR 569.8 million. As the bond reaches maturity in October 2012 (issued in 2005), this is to be accounted for as current, as is the case with longer terms loans and bank loans in the year of repayment.

<b>Selected Group Key Figures</b>	2011	2010
Equity capital ratio (equity capital/balance sheet total)	38.5%	40.4%
Return on equity (parent company shareholder result/equity capital)	18.7%	17.6%
Return on assets (annual profit + interest cost)/balance sheet total	8.9%	8.6%
Working capital (current assets - current liabilities) in million EUR	339.5	351.4
Net debt (non-current financial liabilities + current financial liabilities - cash and cash equivalents) in million EUR	451,5	510,3
Net debt to EBITDA (net debt/EBITDA) in million EUR	0.92	1.14
Asset coverage (equity capital/non-current assets)	66.0%	60.7%

## **b. Segment Analysis with Information on Key Segment Data**

### **Rental**

#### **General**

Rental of gaming machines is an important element of the integrated strategy of the NOVOMATIC AG Group. The Group has the objective of only renting its own products in selected market segments rather than selling them.

Total turnover from renting gaming machines was EUR 472.3 million in the year under review, representing a significant increase in comparison to the previous year (EUR 420.3 million). The successful roll-out of video lottery terminals in Italy made a significant contribution to this.

#### **Austria**

Revenue from rental was EUR 21.7 million and was thus higher than the previous year.

#### **Germany**

The NOVOMATIC AG Group has a market share of more than 50 percent in the area of gaming machines in Germany. Thanks to the subsidiary companies NSM-LÖWEN Entertainment GmbH and Crown Technologies GmbH's attractive range of products and successful sales strategy, EUR 356.3 million in rental revenue was achieved in 2011. The lion's share of this, EUR 280.2 million, came from NSM-LÖWEN Entertainment GmbH, which managed to retain the number of rentals at that of the previous year despite the difficult market environment in Germany in 2011.

#### **Great Britain**

In Great Britain the number of rented gaming machines was significantly increased during the period under review despite the difficult economic environment. Rental turnover reached a high of EUR 5.1 million, an increase of 134 percent in comparison to the previous year.

#### **Italy**

Business development with regard to gaming machine rental in Italy was very successful in 2011. The NOVOMATIC AG Group concluded long-term agreements for the supply of video lottery terminals (VLTs) in Italy with eight of the ten concessionaires. Around 12,900 of these VLTs were already in operation by the end of 2011.

The companies Adria Gaming International S.p.A., Adria Gaming Services S.r.l. and Allstar Italiana S.r.l. generated rental revenue of EUR 70.9 million in 2011.

**CEE**

In the Baltic States, a boom in rental turnover was experienced. Rental turnover for 2011 was EUR 1.7 million in comparison to EUR 1.3 million the previous year.

There were uncertainties on the Hungarian market in 2011 due to changes in the law. After gaming tax increases were announced, the number of gaming machines in the market as a whole fell. Despite this difficult market environment, turnover was maintained at the level of the previous year. Revenue reached the level of EUR 5.4 million.

**SEE**

In Croatia, the number of rented machines fell by the end of 2011 as, some machines were sold to third-party customers following an amendment to the business model. Despite this drop, turnover of EUR 2.7 million was able to be recorded.

In Romania, some of the rented machines were sold to major customers, and as a result rental revenue fell in 2011. Turnover in this segment reached the level of EUR 0.8 million.

**Rest of the World**

Renting the gaming machines of AGI Africa Ltd. was also positive in the current reporting year.

**Sales****General**

The market environment during the reporting period once again proved to be a challenging one. The impact of the intensifying public debt crisis and the fact that customers were holding back from purchasing new machines due to regulatory uncertainties in certain jurisdictions was clearly felt, particularly in the second half of 2011. Sales revenue fell by EUR 26.2 million compared to the previous year.

Austrian Gaming Industries GmbH (AGI), the NOVOMATIC AG Group's subsidiary responsible for research, development, sales and marketing, was able to retain its position as a global market leader in the area of electronic multiplayer systems as well as attractive and interactive games once again in 2011 despite the continued difficult economic situation.

At the most important gaming exhibition in the world, the "International Casino Exhibition" (ICE) in London, Austrian Gaming Industries GmbH once again presented many new products.

**Austria**

2011 sales revenue within Austria was below that of the previous year. However, sales only play a secondary role in Austria because, in the majority of cases, gaming machines are rented to the operating companies.

**Germany**

The focus of the German Group companies is on the owner-operation and rental of gaming machines. At NSM-LÖWEN, therefore, the sale of gaming machines was discontinued in 2011 so that more attention could be given to the rental of gaming machines.

**Great Britain**

Astra Games Ltd. is one of the leading gaming machine manufacturers in Great Britain and has a special focus on the development of gaming equipment for the British market. Despite a difficult economic situation and uncertainties on the gaming market relating to the future taxation of gaming machine operation, the number of gaming machines sold in 2011 increased in comparison to the previous year. The acquisition of Empire Games Ltd. made a significant contribution to this increase.

Turnover from the sale of gaming machine was EUR 12.8 million in 2011, a slight increase in comparison to the previous year's revenue of EUR 12.4 million.

### Spain

The Spanish gaming market remains an important target market for the Group. Once again, however, turnover development did not meet expectations. Therefore a strategy was pursued to expand market know-how and infrastructure for the future market presence. In 2011, sales revenue of EUR 1.7 million was achieved.

### CEE

In the Baltic States, growth was experienced in the sales turnover of the AGI subsidiaries.

In Hungary, despite the challenging economic conditions, only a slight decline in production revenue at the cable harness factory was recorded.

### SEE

The company Novo Investment d.o.o. in Serbia achieved sales revenue of EUR 1.7 million in 2011.

### Rest of the World

Due to regulatory changes in Mexico, there was a decline in turnover in the second half of the year in terms of machines sold; this category comprises the largest share of turnover. Sales turnover in 2011 EUR 9.4 million, below the previous year's level of EUR 14.5 million.

In Peru, sales revenue remained below expectations: sales revenue achieved amounted to EUR 8.8 million compared with EUR 18.6 million in the previous year. In Columbia, the first sales success was experienced with sales revenue amounting to EUR 2.5 million in 2011.

Business development of AGI Africa Ltd., a subsidiary company of Austrian Gaming Industries GmbH, was positive for sales despite difficult economic conditions and produced sales turnover amounting to EUR 6.9 million in the 2011 fiscal year.

## Gaming Operations

### General

In the previous fiscal year, NOVOMATIC AG again succeeded in retaining its position as a leading operator of electronic casinos in core markets such as Central and Eastern Europe (CEE) and South Eastern Europe (SEE). After the difficult 2010 fiscal year, during which restructuring measures and location optimizations were required in some markets, the year 2011 exhibited a trend reversal in many jurisdictions (for example in the Baltic States).

The year 2011 was also characterized by further growth in Germany. Alongside the increase in shares in BPA Freizeit- und Unterhaltungsbetriebe, the acquisition of Spielbank Berlin, one of the highest turnover live game casinos in Germany, was a particularly notable milestone in the development of the NOVOMATIC AG Group.

### Austria

Austrian Gaming Industries GmbH's gaming operations were also able to retain their position well in the difficult market environment thanks to organic growth in Lower Austria and at the three locations in Vienna (casinos) in 2011. The turnover and earnings figures for Austrian Gaming Industries GmbH in this segment totaled EUR 112.0 million in 2011, a slight increase compared to the previous year.

HTM Hotel und Tourismus Management GmbH (HTM) has 84 (2010: 83) branches in Vienna. In all locations, gaming machines are operated subject to federal state gaming regulations. In Lower Austria, the 2011 fiscal year was once again a positive year for HTM thanks to systematic implementation of the ADMIRAL entertainment concept.

Wett Cafe Betriebsgesellschaft m.b.H has 30 (2010: 31) branches in Styria in which gaming machines are operated and sports betting is offered within the scope of federal state gaming regulations.

Both HTM Hotel und Tourismus Management GmbH and Wett Cafe Betriebsgesellschaft m.b.H once again exhibited positive company development, with a stable turnover and earnings situation despite a difficult market environment. In 2011, HTM Hotel und Tourismus Management GmbH achieved machine revenue amounting to EUR 75.4 million while Wett Cafe Betriebsgesellschaft m.b.H made EUR 33.3 million.

## Germany

The beginning of 2011 saw the acquisition of the Spielbank Berlin group with its four locations. This means that, together with the SIM Group, the NOVOMATIC Group operates a total of 10 casinos in Germany.

EXTRA Games Entertainment GmbH, which is involved in commercial gaming, was able to further expand the number of electronic casinos in its 213 locations in 2011. EXTRA Games achieved sales revenue of EUR 111.7 million from these operations. At the beginning of 2011, revenue was below expectations; this was due to the retrofitting of gaming machines to meet the requirements of technical guideline 4.1. However, revenue began to rise again eventually returning the level seen during 2010.

At BPA Freizeit & Unterhaltungsbetriebe GmbH, as well, growth continued in 2011 thanks to acquisitions. Three electronic casino operating companies with a total of 5 locations were acquired. In total BPA has 29 electronic casinos. In 2011, BPA generated turnover amounting to EUR 14.6 million.

## Italy

The expansion in Italy led to a strong increase in turnover from gaming operations in 2011 from EUR 13.7 million to EUR 20.1 million. The rate of growth was quite evident in the area of electronic casinos, the number of which increased from 45 to 70 locations in the reporting period, as well as in terms of the number of machines being operated (2010: 1,239 machines and 2011: 2,058 machines). This strong positioning on the Italian market was made possible by the introduction of the centrally networked video lottery terminal (VLT) systems.

## CEE

In Latvia, the subsidiaries conducted ongoing location optimization at more than 120 gaming operations and also implemented cost-cutting measures. As a result, a clear improvement was seen in machine revenue in Latvia (EUR 61.6 million) compared to the 2010 fiscal year.

In Estonia, the extremely difficult economic conditions from the previous year continued during the 2011 fiscal year.

Despite uncertainties on the Hungarian market, 13 electronic casinos are in operation. Turnover from gaming operations was increased to EUR 12.2 million in 2011 thanks to intensified marketing activities. Cost-cutting programs were introduced in order to sustainably improve earnings.

In Belarus, turnover was significantly increased to EUR 1.9 million, a clear improvement on the previous year.

## SEE

In Albania, the number of locations in operation was reduced over the course of 2011 as part of optimization measures. Revenues in the operational segment increased to EUR 23.3 million despite this development.

The operational companies in Bosnia were able to double their turnover to EUR 0.9 million in the reporting period.

The economic situation on the Bulgarian market did not really improve following the economic crisis. Overall, machine revenue increased slightly compared to the previous year to total EUR 3.1 million.

In Croatia, the number of operational locations remained stable. Due to the general market recovery following the economic crisis as well as the optimization of locations, revenue was increased to EUR 24.2 million in the operational segment.

Macedonia was able to recover from the consequences of the economic crisis during the year under review. The number of locations operated was further expanded in comparison to the previous year. The optimization measures introduced during the previous year led to an improvement in earnings. Machine revenue of EUR 8.4 million was earned in Macedonia in 2011.

The gaming market in Romania is recovering slowly from the consequences of the economic crisis. At the end of the financial year, a significant upswing was experienced. Location optimizations and cost saving programs were introduced to improve earnings. Machine revenue reached EUR 16.5 million in 2011, with the number of locations remaining the same.

In Serbia, the number of machines operated during the reporting period was increased further, with and turnover being increased to EUR 3.6 million.

In Slovenia, the Hotel & Casino Resort ADMIRAL, which went into operation in December 2009, was able to establish itself in Kozina. Machine revenue of EUR 3.6 million was achieved in Slovenia in 2011.

### Rest of the World

The building damage caused by the 2010 earthquake at the Resort-Casino Monticello and the losses from the interruption of business were ameliorated over the course of 2011. Turnover developed positively following reopening. This shareholding is shown in the Consolidated Financial Statement as an associated company. In Africa, turnover from gaming operations reached the level of the year before. In Peru, the number of locations operated was cut from 13 to 11. Machine turnover decreased slightly because of the smoking ban and amounted to EUR 16.7 million in 2011.

## Betting Operations

### Austria

ADMIRAL Sportwetten GmbH was able to increase payments from betting by 9.8 percent in comparison to 2010, reaching EUR 207 million. Thanks to high growth rates from the sales channels of the Internet and betting terminals, the gross yield from betting was EUR 31.2 million in the previous fiscal year despite there not being a big football event. At the end of 2011, ADMIRAL Sportwetten had 195 betting establishments across Austria.

### Italy

The sports betting segment remained unchanged in 2011. ADMIRAL Bet Italia continues to operate ten gaming and betting establishments as well as an online portal (sports betting, games of skill, poker). The company achieved revenue from betting in 2011 amounting to EUR 1.6 million.

## Miscellaneous

### Greentube Group

The online business of the Greentube Group developed well in 2011. This trend is attributable to factors including intensified R&D activities, the development of a new business model and a resulting increase in the number of users.

## c. Analysis of Financial Data from the 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 regulations, the affiliated companies are identified as part of the financial assets. As such, the individual financial statement only provides an outtake of the economic situation of NOVOMATIC AG and its affiliated companies.

NOVOMATIC AG is the holding company of the NOVOMATIC AG Group, which performs the financing and controlling function in the Group. In addition to this role, NOVOMATIC AG is also the owner of the majority of the Group's intellectual property rights as well as of significant amounts of the Group's property portfolio in Austria.

### Turnover and Earnings Performance

Financial Key Figures in million EUR	2011	2010	Change in %
Sales revenues	46.6	39.1	19.2
Personnel expenses	8.4	5.0	67.7
Depreciations and amortisations	18.3	15.8	15.8
Other operating expenses	23.3	23.5	-1.0
EBITDA	16.2	13.3	21.3
EBITDA margin in %	34.7	34.1	
Financial result	65.2	40.5	60.8
Annual profit	68.3	40.1	70.1

NOVOMATIC AG's sales revenue was, at EUR 46.6 million, 19.2 percent greater than the previous year. The most significant deviation was in licensing income.

Personnel expenses, which amounted to EUR 8.4 million, increased by EUR 3.4 million in comparison to the previous year. The main reason for this was the continued expansion of the administrative area. The other operating expenses decreased slightly by 1 percent because, in contrast to the previous year, there were less one-off expenses (in 2010 there were increased expenses because of two bonds being issued).

Earnings before interest, taxes, and depreciations and amortisations (EBITDA) increased significantly by EUR 2.9 million to EUR 16.2 million and the EBITDA margin increased to 34.7 percent. As a result of increased investment activity, primarily in intangible assets, depreciations increased by EUR 2.5 million to EUR 18.3 million.

The financial result increased by EUR 24.7 million to EUR 65.2 million, essentially due to higher income from shareholdings. After the addition of income taxes amounting to EUR 5.1 million, taking the Group taxation into consideration, the annual profit was EUR 68.3 million in comparison to EUR 40.1 million in 2010.

### Assets Position

The balance sheet total increased from EUR 962.9 million on 31 December 2010 to EUR 1,159.5 million. On the asset side, this increase is attributable primarily to the increase in assets by EUR 142.1 million to EUR 856.6 million. The investments in assets relate primarily to the increase in shares in affiliated companies and in loans to affiliated companies.

Compared to the previous year, current assets registered an increase of EUR 52.9 million to reach EUR 297.4 million, whereby receivables from affiliated companies decreased by EUR 56.7 million but bank balances increased by EUR 105.8 million. The increase of cash resulted from savings in preparation for repayment of the bond that matures in October 2012. Prepaid expenses and deferred charges registered an increase of EUR 1.6 million in comparison with the previous year.

The company's equity capital remained unchanged at EUR 26.0 million. With capital reserves of EUR 1.0 million, net profit of EUR 1.6 million, balance sheet profit of EUR 174.3 million and untaxed reserves amounting to EUR 0.2 million being taken into consideration, equity capital increased to EUR 203.0 million. The equity capital share of total capital now amounts to 17.5 percent compared to 19.7 percent in the previous year.

Liabilities increased by EUR 185.6 million to EUR 956.4 million last year. The most significant change was the increase in bank liabilities by EUR 184.1 million to EUR 424.5 million due to the inclusion of a promissory note bond amounting to EUR 42 million and the additional utilisation of consortium loans. Deferred income decreased by EUR 2.2 million in the 2011 fiscal year.

#### **d. Non-financial Performance Indicators**

##### **Employee Issues**

On 31 December 2011, 12,057 individuals were employed by the NOVOMATIC Group, 8,005 of which were hourly paid workers and 4,052 of which were salaried employees (70 of the salaried employees worked for NOVOMATIC AG). This corresponds to an increase of 10.0 percent in comparison to the previous year.

The composition of employees is balanced and includes a high number of women working at all levels and a large number of individuals of different nationalities. All age groups are well represented.

It is very important to the NOVOMATIC Group to have qualified employees. With individual personnel and management development, we ensure that we are equipped in the best possible way to deal with future challenges in a complex environment. The certification of our own Novo Academy and the implementation of our learning management system are particularly noteworthy achievements.

It was possible to fill all open positions quickly, and we have a low turnover rate in comparison to the rest of the industry.

#### **e. Significant Events after the Balance Sheet Date**

##### **General**

The NOVOMATIC AG Group was present at the ICE 2012 in London, the world's largest and most important gaming exhibition, at the end of January; the Group presented a number of new products and was able to once again prove its position as one of the industry's technology leaders. NOVOMATIC AG was awarded two ICE awards in London, including "Manufacturer of the Year."

The declining trend in sales revenue, which characterized the second half of 2011 in particular, was successfully halted—and in some markets, there are very positive signals that our customers are becoming increasingly prepared to invest.

##### **Italy**

All ten gaming concessionaires in Italy (and thus also G. Matica Srl., a NOVOMATIC AG company) were ordered to pay damages in a first-instance judgement received in February 2012. The judgement is founded upon allegations of culpable contract infringements by the concessions regarding the networked accounting system for gaming machines in the years 2004–2007, and the claim that "public damage" occurred as a result. NOVOMATIC AG will appeal this first-instance judgement.

Furthermore, since the beginning of 2012, ongoing legal proceedings have seen the NOVOMATIC AG Group confronted with an Italian concessionaires' lawsuit. The complaint in this civil legal lawsuit is an alleged contractual infringement (resulting from a supply contract and a service level agreement), as well as damages and loss of earnings.



### Reallocation of Concessions and Authorizations

With the amendment to the Austrian Gaming Act, "low-stakes gaming" on machines was also newly regulated. At the beginning of March 2012, Lower Austria was the first Federal State to make a decision in accordance with the tendering regulations and to issue a licence to operate up to 1,339 gaming machines to ADMIRAL Casinos & Entertainment AG, a wholly owned subsidiary of NOVOMATIC AG.

In Upper Austria in March 2012, ADMIRAL Casinos & Entertainment AG (ACE AG) had its bid accepted for the "installation of a salon" with the authorisation to operate 362 gaming machines in total.

## 4. Outlook

### a. Prospective Development of the Group

It is being assumed that, despite the ongoing difficult economic situation, NOVOMATIC AG will be able to continue its successful growth course in 2012. The biggest increases in turnover are expected, as in 2011, in the business segments Rental and Gaming Operations.

Following the positive decision to award a licence to operate gaming machines in the Federal States of Upper Austria and Lower Austria, subsidiary ACE will begin operational business in 2012.

In terms of the 15 casino concessions to be awarded in accordance with the Austrian Gaming Act, NOVOMATIC AG has applied for licences to operate casinos in Austria. Further business performance in Austria will be strongly influenced by the receipt of these authorizations. It is expected that the decision to issue the licences will be made in mid-2012.

Better development of earnings is anticipated in the Betting segment in 2012 due to the European Football Championships' being held in the summer of 2012.

It is to be noted generally for the core market of Germany that, as before, discussions on the regulatory framework are currently underway, and that this could have a long-term effect on business success in the field of commercial gaming and casinos.

It is anticipated for the ongoing fiscal year that there will be a stabilisation of turnover in the Gaming Operations segment in Germany after lower takings were recorded at the start of 2011 (because of retrofitting to meet the requirements of Technical Directive 4.1). Continued stable development is anticipated for the Rental segment.

The company management of the NOVOMATIC AG Group is expecting turnover and income to continue to increase in Italy thanks to progress in the rollout of video lottery terminals (VLTs). While the expansion of VLTs in Italy should be completed by the end of 2012, further potential for growth is anticipated in the field of the so-called Comma 6.a machines.

Overall good development in terms of turnover and earnings is anticipated for the CEE and SEE markets. While gaming behavior is developing positively in some jurisdictions (following the economic crisis and the introduction of smoking bans), in other markets no clear trend reversal is discernible.

In Central and South America, positive business development is expected due to continued, favorable economic development.

### b. Significant Risks and Uncertainties

#### Economic Risks

The NOVOMATIC AG Group is subject to the risk of macroeconomic shocks as a long-term consequence of the global economic crisis of 2009, including declining economic growth, increasing unemployment and decreasing disposable income.

### Legislative and other Legal Risks

Legislative risks can arise from dependence on and changes to laws, directives and regulations, particularly in the area of licensing for the operation of gaming facilities as well as in the areas of production, sales and distribution and product licences. Additional risks exist as a result of the tightening of laws in the areas of product liability, consumer and gamer protection, non-smoker protection and money laundering prevention, such as, for example, a potential expansion of obligatory requirements for player registration, etc. There are also potential legal risks with regard to pending material legal proceedings related to two affiliated companies in Italy.

### Changes in Customer Behavior

Diverse recreation and entertainment options entail constantly changing customer behavior. As a result, product adaptations and constant new innovations are required to assert the company's market position in the target markets. It cannot be ruled out that customer or consumer desires may be recognized not at all or only when it is too late.

### Technology Risk

NOVOMATIC AG operates in a highly technology-dependent market in which new technologies are developed or used within short innovation cycles. It cannot be ruled out that innovative technologies and developments may fail to be developed or made usable fast enough. The NOVOMATIC AG Group is also subject to the risk of imitation and software piracy, as well as to the risk of illegal intervention in gaming systems and software by third parties.

### Operating Risks

The risks of business interruption and financial losses are covered by an insurance policy.

### c. Use of Financial Instruments

Financial instruments are contracts that result in a financial asset for one company and a financial liability or equity instrument for another company. This includes original financial instruments like trade receivables and liabilities, financial receivables and financial liabilities as well as derivative financial instruments for hedging against risks from changes in the exchange rates and interest rates.

NOVOMATIC AG strives to retain an internationally diverse investor base. Its relationships with international banks and financial service providers were therefore expanded further in the 2011 reporting period.

In addition to traditional loan financing, NOVOMATIC AG is making increased use of capital market-based external financing. Besides bilateral credit lines with banks, financial instruments also include syndicated credit facilities (syndicated loans), bonds and promissory note bonds. In the 2011 reporting period, a further promissory note bond with a nominal value of EUR 42 million was issued.

Current trade liabilities are paid for out of the cash flow. Furthermore, syndicated loans can be utilised on a revolving basis and serve as a liquidity backstop facility. They can also be used for working capital financing if required.

In order to limit NOVOMATIC AG's refinancing risk, money has already been put aside for the repayment of the bond that matures in October 2012. In doing so, in accordance with a conservative investment strategy, it is exclusively money market investments in banks with good credit ratings that are used in order to minimise the risk of capital loss.

As part of its foreign financing activities, NOVOMATIC AG is subject to interest rate risk and exchange rate risk as part of its general business activities. Changes to interest rates and/or exchange rates can have a positive or a negative effect on both the value of financial instruments (price change risk) and the interest result on the financial instruments (cashflow risk).

In order to limit interest rate risks, current interest rate trends are constantly monitored and hedged if required.

In order to limit currency risks, changes in the relevant exchange rates are monitored on an ongoing basis for transactions which are conducted in foreign currency. If necessary, these transactions are hedged in order to minimise the risk of exchange rate losses. A first hedge is initially provided through items that are naturally self-contained, for example trade receivables in USD balanced by liabilities for the purchase of raw materials in USD. With regard to currency risks from business operations, the NOVOMATIC AG Group is in a USD net contributor position due to the material payments that are invoiced in USD.

The NOVOMATIC AG Group uses derivative financial instruments. The use of financial derivatives is regulated by a guideline approved by the Board and is examined on a quarterly basis. The respective financial transactions are concluded only with contracting parties that have a good credit rating. The assessment of derivative financial instruments has been supported since 2010 by a treasury management system that is established in the industry and banking sector.

At NOVOMATIC AG, investments in affiliated companies and receivables and liabilities from affiliated companies represent important financial instruments. In order to monitor price change and/or default risks, the Board keeps abreast of the relevant developments in these companies via regular Group controlling reports. Each month, the ongoing earnings trend is compared to the approved annual budget and checked for deviations.

Trade receivables are another default risk at the NOVOMATIC AG Group. In order to minimise the risk associated with receivables, customers' compliance with payment due dates 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. Sometimes, the default risk is reduced even further via additionally required collateral such as e.g. received securities, warranties or documentary credits. The contractually agreed retention of proprietary rights and/or the agreement to pay by direct debit further minimise the risk to the NOVOMATIC AG Group.

The requirement for liquid funds, particularly cash at in-house gaming operations, is high in the gaming industry. The considerable cash holdings resulting from the business are protected from misappropriation via internal controlling measures.

## 5. Research & Development

For years now, the NOVOMATIC AG Group has been a pioneer and one of the leading trendsetters of the worldwide gaming industry. The focus of development is increasingly on the areas of networked system solutions and gaming content. In relation to this, all distribution channels should be taken into account: this means stand-alone gaming machines, terminal solutions networked with MI systems, video lotteries and offers made via the Internet or mobile technologies, to name just a few. The objective is to provide networked solutions modularly and such that they are adapted to meet legal, market and customer requirements. As a result, it should be possible to meet both market niche requirements and standardised market requirements.

The most up-to-date platform architecture also makes it possible for third-party manufacturers to develop games for high-performance systems—and thus to arbitrarily scale the product and game portfolio and adapt it to meet market requirements. Individual system solution modules with functionalities such as ticketing, smartcards, banknote recycling, random number generators, player tracking, accounting, jackpots, game download, etc. using the newest system architecture can be randomly combined with each other and integrated with various end devices/gaming terminals and operating systems. Standard interfaces use state-of-the-art communication protocols such as G2S, SAS, etc. In terms of software and system solutions, the principle of "Gaming As A Service" (GAS) is generally applied.

Hardware innovations include new, ergonomic terminal solutions for the casino and non-casino gaming markets with control possible via up to five monitors, skills-based roulette facilities with state-of-the-art ball rejection mechanisms, use of state-of-the-art curved monitors to simulate 3D effects and VIP terminals with giant screen technology.

In the field of game development, an in-house IP game series including a jackpot system was developed on the topic of Hollywood icon Marilyn Monroe, an achievement which shows how NOVOMATIC also sets standards in the field of licensed IP games.

New categories of game features, included in the portfolio are “Reel Refill”, “Fixed Wilds” and “WinWays.” In the multiplayer segment, the Novo Unity product portfolio was expanded by the integration of a mechanical, automated card shuffling machine from TCSJH. Additionally, the integration of slot games in the Novo Unity multiplayer technology represents a further milestone of product diversification.

With an output of more than 100 new games per year and a growing portfolio of more than 20 housing and terminal models, NOVOMATIC is equipped in the best-possible manner to meet market-specific requirements. Furthermore, NOVOMATIC has a portfolio of over 100 registered patents and over 1,000 protected brand names. Development is supported by in-house hardware and software development teams in Austria, Germany, the UK, Russia, Argentina and Poland as well as by exclusive partnerships with developers in Austria, Slovenia, Greece, the USA and Australia.

## 6. Important Features of the Internal Control System Regarding the Financial Reporting Process

Regular, reliable and clearly structured reporting is an essential instrument of corporate governance. Therefore, one objective of company-wide risk management is to create structures that ensure such flows of information. Here, the NOVOMATIC AG Group focuses on the COSO framework “Enterprise Risk Management–Integrated Framework” and its target categories and components.

**Control Environment:** The area of Group Controlling and Group Accounting as a managerial competence center defines the unified Group standards for all controlling and accounting matters and governs the procedures and dates for the budget and financial statement process. Implementation in the decentralised units is the responsibility of the local management.

**Risk Assessment:** The significant risks of misrepresentation in the Consolidated Financial Statements are found in the assessment of gaming equipment inventory, the elimination of inter-company profits, and the assessment of corporate units. This also includes the uncertainty regarding the future market situation in the markets in question. Therefore, we must rely time and again on assumptions and estimates.

**Control Activities:** Individual financial statements are prepared locally in accordance with the requirements of the Group. At the individual company level, the bookkeeping and cost accounting system NAVISION by Microsoft is increasingly being used as a Group standard. Moreover, Proalpha and SAP are in use as ERP systems in Austria and Germany, respectively.

The data, which is audited by the auditor locally for the most important companies, is transferred electronically in a standardised format and brought into the group consolidation using the consolidation tool CONSYS by IDL. Audits of the closure data assume verification of the data’s plausibility before and after consolidation.

Monitoring the ongoing processes over the course of the year is ensured by monthly reports to the Board and to middle management. Thanks to this, possible mistakes or deviations in the financial reporting can be either avoided or identified and corrected. The analyses range all the way from reviewing the period results to in-depth analyses.

**Information and Communication:** The Board keeps abreast of the relevant developments in the companies through regular Group controlling reports. Each month, the ongoing earnings trend is compared to the approved annual budget and checked for deviations.

The Board itself informs the Supervisory Board on a quarterly basis concerning the development of the corporate group as a whole as well as by business segment and by geographic segment.

CONSYS by IDL, CUBEWARE COCKPIT, and PP Finance by Winterheller are used as planning and reporting tools.

**Monitoring:** Monitoring of compliance with ongoing accounting processes, with the exception of preparing the annual financial statement, is done by the Group’s auditing department, which reports directly to the Board. The Group’s auditing department has documented all financial reporting processes as part of the internal control system and has monitored compliance with the defined

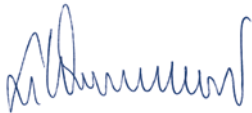
controls at regular intervals. Monitoring of the group consolidation, on the other hand, is done by the Board and subsequently by the auditing committee of the Supervisory Board.

## 7. Acknowledgements

Special thanks are extended to all employees of NOVOMATIC AG and its subsidiaries, without whom our renewed success in these difficult economic times would not have been possible. We are especially indebted to the owner, Prof. Johann F. Graf, as well as to the Supervisory Board, chaired by Senator Herbert Lugmayr. They have contributed significantly to the positive development of NOVOMATIC AG and thus, once again, created the basis for a successful future. We would also like to acknowledge the positive relationships with our capital providers and business partners, relationships which have led to prosperous and enjoyable collaboration.

Particularly in an industry that changes so quickly and is always characterized by new customer requirements, special degrees of effort and cooperation based on mutual trust between all parties 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.

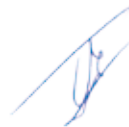
Gumpoldskirchen, 11 April 2012



**Dr. Franz Wohlfahrt**  
CEO



**DI Ryszard Presch**  
Deputy CEO



**Mag. Thomas Graf**  
CTO



**Mag. Peter Stein**  
CFO



# Consolidated balance sheet

as of 12/31/2011

EUR m

ASSETS	Notes	12/31/2011	12/31/2010
<b>Non-current assets</b>			
Intangible assets	(1)	248.9	148.8 <sup>1</sup>
Property, plant and equipment	(2)	765.8	764.6
Investment property	(3)	25.9	29.6
Investments in associated companies	(4)	84.4	144.9
Non-current financial assets	(5)	13.6	11.3
Deferred tax assets	(6)	37.3	31.1
Other non-current assets	(7)	98.5	84.4
		<b>1.274,4</b>	<b>1.214,8</b>
<b>Current assets</b>			
Inventories	(8)	144.2	160.0
Trade and other receivables	(9)	192.3	149.1
Current tax receivables	(6)	30.2	15.4
Current financial assets	(10)	22.7	9.0
Cash and cash equivalents	(11)	512.2	277.3
Assets held for sale	(2)	7.7	0.0
		<b>909.3</b>	<b>610.9</b>
<b>Total ASSETS</b>		<b>2,183.7</b>	<b>1,825.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	(12)	26.0	26.0
Capital reserve	(13)	1.0	1.0
Retained earnings	(14)	790.9	693.8
Revaluation reserve	(15)	-2.2	-0.6
Currency translation adjustment	(16)	-25.5	-23.1
		790.2	697.1
Non-controlling interests	(17)	51.4	40.9 <sup>1</sup>
		<b>841.5</b>	<b>738.0</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	(18)	682.1	750.3
Non-current provisions	(19)	30.8	22.3
Deferred tax liabilities	(6)	49.9	37.7 <sup>1</sup>
Other non-current liabilities	(20)	9.6	17.9
		<b>772.4</b>	<b>828.1</b>
<b>Current liabilities</b>			
Current financial liabilities	(21)	281.6	37.3
Current provisions	(22)	50.6	49.6
Current tax liabilities	(6)	42.4	22.8
Trade payables and other liabilities	(23)	195.3	149.8
		<b>569.8</b>	<b>259.5</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>2,183.7</b>	<b>1,825.7</b>

1) Adjustments according to IFRS 3, see Notes to Scope of Consolidation / Acquisitions

# Consolidated income statement

for the financial year 2011

EUR m	Notes	01 - 12/2011	01 - 12/2010
<b>Revenues</b>	(24)	<b>1,386.8</b>	<b>1,183.7</b>
Changes in inventories of finished goods and work in progress	(25)	17.4	16.0
Own work capitalized	(25)	128.0	164.5
Other operating income	(26)	63.5	55.2
Cost of material and other purchased services	(27)	-216.7	-263.1
Personnel costs	(28)	-312.3	-264.7
Amortization and depreciation	(29)	-236.3	-226.3
Gaming taxes and betting fees	(30)	-121.2	-94.7
Other operating expenses	(31)	-454.6	-347.3
<b>Operating profit</b>		<b>254.5</b>	<b>223.1</b>
Share of profit/loss of associated companies	(32)	0.8	-3.7
Financial income	(33)	13.3	12.2
Financial expenses	(34)	-53.6	-33.4
<b>Financial result</b>		<b>-39.4</b>	<b>-24.9</b>
<b>Earnings before taxes</b>		<b>215.1</b>	<b>198.2</b>
Income taxes	(35)	-69.0	-65.6
<b>Profit from continuing operations</b>		<b>146.2</b>	<b>132.5</b>
<b>Result from discontinued operations</b>	(36)	<b>14.2</b>	<b>-1.1</b>
<b>Profit after taxes</b>		<b>160.3</b>	<b>131.5</b>
thereof attributable to non-controlling interests		3.1	1.7
thereof attributable to shareholders of the parent (net profit)		<b>157.3</b>	129.7



# Consolidated statement of comprehensive income

for the financial year 2011

EUR m	01 - 12/2011	01 - 12/2010
<b>Profit after taxes</b>	<b>160.3</b>	<b>131.5</b>
Currency translation	-1.5	0.4
Option premium received	1.1	0.0
Revaluation of assets available for sale	-1.6	0.8
<b>Other comprehensive income after taxes</b>	<b>-2.1</b>	<b>1.2</b>
<b>Total comprehensive income</b>	<b>158.2</b>	<b>132.6</b>
thereof attributable to non-controlling interests	3.9	2.4
thereof attributable to shareholders of the parent	154.4	130.3

# Consolidated cashflow statement

EUR m	01 - 12/2011	01 - 12/2010
<b>Operating profit</b>	<b>268.6</b>	<b>221.9</b>
Loss (+) / Gain (-) from the disposal of fixed assets	-0.8	-2.3
Depreciation (+) / Appreciation (-) of fixed assets	235.6	224.7
Recognized capital consolidation	-10.9	-0.1
Other non-cash income and expenses	0.2	-0.9
Interest received	12.8	11.9
Taxes paid	-70.9	-91.2
	<b>434.7</b>	<b>364.1</b>
Increase (-) / Decrease (+) in inventories	16.0	-22.2
Increase (-) / Decrease (+) in receivables	-24.0	-42.1
Increase (+) / Decrease (-) in provisions	0.0	-3.3
Increase (+) / Decrease (-) in liabilities	3.6	-9.6
<b>Cashflow from operating activities</b>	<b>430.3</b>	<b>286.9</b>
Proceeds from the disposal of fixed assets (excluding financial assets)	40.4	15.4
Proceeds from the disposal/repayment of financial assets	19.5	0.0
Proceeds from the sale of consolidated companies, net of cash	0.0	0.0
Acquisition of intangible assets, property, plant and equipment	-261.7	-317.9
Acquisition of financial assets and other financial investments	-7.8	-46.1
Acquisition of consolidated companies, net of cash	-27.9	-29.3
Net proceeds from associated companies and investments	0.5	0.5
<b>Cashflow from investing activities</b>	<b>-237.0</b>	<b>-377.4</b>
Dividend payments	-57.1	-30.1
Payments from non-controlling interests	1.0	0.9
Proceeds from change in interests in subsidiaries (without loss of control)	0.0	2.9
Expenditures from change in interests in subsidiaries (without loss of control)	-8.8	-9.7
Proceeds from bank loans and financial liabilities	146.1	211.1
Interest paid	-38.2	-29.0
<b>Cashflow from financing activities</b>	<b>43.1</b>	<b>146.1</b>
<b>Net change in cash</b>	<b>236.4</b>	<b>55.6</b>
Currency translation adjustments	-1.5	0.4
Changes in cash due to changes in Scope of Consolidation	0.0	5.5
<b>Net change in cash</b>	<b>234.9</b>	<b>61.5</b>
Cash at the beginning of the year	277.3	215.8
Cash at the end of the year	512.2	277.3
<b>Net change in cash</b>	<b>234.9</b>	<b>61.5</b>

# Consolidated statement of changes in equity

for the financial year 2011

EUR m	Shares of shareholders of Novomatic AG					Total	Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation adjustment			
<b>Balance on 01/01/2011</b>	<b>26.0</b>	<b>1.0</b>	<b>693.8</b>	<b>-0.6</b>	<b>-23.1</b>	<b>697.1</b>	<b>40.9<sup>1</sup></b>	<b>738.0</b>
1) Total comprehensive income								
Profit after taxes			157.3			157.3	3.1	160.3
Other comprehensive income			1.1	-1.6	-2.4	-2.9	0.8	-2.1
2) Dividend payments			-55.0			-55.0	-2.1	-57.1
3) Change in non-controlling interests			-4.8			-4.8	-4.2	-9.0
4) Changes in the Scope of Consolidation			-1.5			-1.5	12.8	11.4
<b>Balance on 12/31/2011</b>	<b>26.0</b>	<b>1.0</b>	<b>790.9</b>	<b>-2.2</b>	<b>-25.5</b>	<b>790.2</b>	<b>51.4</b>	<b>841.5</b>

EUR m	Shares of shareholders of Novomatic AG					Total	Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation adjustment			
<b>Balance on 01/01/2010</b>	<b>26.0</b>	<b>1.0</b>	<b>605.4</b>	<b>-1.4</b>	<b>-22.9</b>	<b>608.1</b>	<b>31.5</b>	<b>639.6</b>
1) Total comprehensive income								
Profit after taxes			129.7			129.7	1.7	131.5
Other comprehensive income				0.8	-0.2	0.5	0.6	1.2
2) Dividend payments			-30.0			-30.0	-0.1	-30.1
3) Change in non-controlling interests			-7.6			-7.6	1.1	-6.5
4) Changes in the Scope of Consolidation			-3.7			-3.7	6.1	2.4
<b>Balance on 12/31/2010</b>	<b>26.0</b>	<b>1.0</b>	<b>693.8</b>	<b>-0.6</b>	<b>-23.1</b>	<b>697.1</b>	<b>40.9<sup>1</sup></b>	<b>738.0</b>

1) Adjustments according to IFRS 3, see Notes to Scope of Consolidation / Acquisitions

# Notes to the consolidated financial statement

as of 12/31/2011

## 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 gaming companies in the world. The organizations united in the holding company operate in the following areas of the gaming and entertainment industry.

Its field of activity and range of services comprise:

- » Development, production and sale of gaming machines as well as casino equipment
- » Planning, construction and management of casinos
- » Operation of electronic amusement machine casinos, casinos, bingos, lotteries, international betting agencies and online gaming
- » Casino and entertainment technologies
- » Use of innovative technologies
- » Networking systems

### Accounting principles

The present consolidated financial statement as of December 31, 2011 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

The business year corresponds to the calendar year. The financial statements of every fully consolidated domestic or foreign company included in the consolidated financial statement 2011 were prepared as of the balance sheet date of the consolidated financial statements.

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

## Application of New and Amended Accounting Standards and Interpretations

The following new or revised accounting standards and interpretations - adopted by EU legislation – were implemented for the first time in the financial year 2011 but had no or no significant impact on the NOVOMATIC Group.

- » Revision of IAS 24 “Related Party Disclosures”
- » Amendment of IAS 32 “Financial Instruments: Presentation – Classification of Rights Issues”
- » Amendment of IFRS 7 “Financial Instruments: Disclosures – Transfers of Financial Assets”
- » Amendment of IFRIC 14 “Prepayment of a Minimum Funding Requirement”
- » IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

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 1 “Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income”	Applies to business years beginning on or after July 1, 2012; not yet adopted by EU legislation.
Amendment of IAS 12 “Income Taxes: Deferred Tax – Recovery of Underlying Assets”	Applies to business years beginning on or after January 1, 2012; not yet adopted by EU legislation.
Amendment of IAS 19 “Employee Benefits”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
Revision of IAS 27 “Separate Financial Statements”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
Revision of IAS 28 “Investments in Associates and Joint Ventures”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
Amendment of IAS 32 and IFRS 7 “Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities”	Applies to business years beginning on or after January 1, 2013 and accordingly January 1, 2014 not yet adopted by EU legislation.
Amendment of IFRS 1 “First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	Applies to business years beginning on or after July 1, 2011; not yet adopted by EU legislation.
Amendment of IFRS 7 “Financial Instruments: Disclosures”	Applies to business years beginning on or after July 1, 2011; not yet adopted by EU legislation.
IFRS 9 “Financial Instruments”	Applies to business years beginning on or after January 1, 2015; not yet adopted by EU legislation.
IFRS 10 “Consolidated Financial Statements”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
IFRS 11 “Joint Arrangements”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
IFRS 12 “Disclosure of Interests in other entities”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
IFRS 13 “Fair-value Measurement”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.
IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”	Applies to business years beginning on or after January 1, 2013; not yet adopted by EU legislation.

The possible effects of IFRS 9 “Financial Instruments” during the year of initial adoption are currently being analyzed by management. The NOVOMATIC Group does not expect any significant impact resulting from the first-time application of the other standards and interpretations mentioned above on its financial position and its results of operation.

### Scope of consolidation

As the highest parent company, NOVOMATIC AG prepares the consolidated financial statement. These financial statements comprise NOVOMATIC AG and the companies it controls. The control over a subsidiary is presumed if 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 controlled by NOVOMATIC AG.

During 2011 the group acquired or founded the following subsidiaries:

- » Spielbank Berlin Gustav Jaenecke GmbH & Co KG, Germany (92.04%)
- » Spielbank Berlin Entertainment GmbH & Co KG, Germany (92.04%)
- » Spielbank Berlin nationale BeteiligungsGmbH & Co KG, Germany (92.04%)
- » Spielbank Berlin Service GmbH & Co KG, Germany (92.50%)
- » Empire Games Ltd, Great Britain (70.0%)
- » Inter Invest Co Srl, Romania (99.0%)
- » S.C. Lucky Gaming Srl, Romania (99.9%)
- » S.C. Nili Real Srl, Romania (99.0%)
- » Hotel Carrera SAC, Peru (100%)
- » Games Holding Hungaria Kft, Hungary (100%)
- » ADMIRAL Casinos & Entertainment AG, Austria (100%)
- » Video Buster VertriebsverwaltungsgmbH, Germany (100%)
- » Casino Deluxe BeteiligungsgmbH I, Germany (100%)
- » Casino Deluxe BeteiligungsgmbH III, Germany (100%)

The following subsidiaries changed from non-consolidated or at-equity consolidation to fully consolidated subsidiaries for the first time as of January 1, 2011:

- » Adria Gaming Vicenza Srl, Italy (70%)
- » Fill and Play Slots Srl, Romania (60%)
- » Telcos Srl, Italy (85.2%)
- » G.Matica Srl, Italy (95%)
- » OOO United Gaming Industries, Russia (99.99%)

In Bulgaria Bonaco EOOD, Bulten EOOD and Sofiten EOOD were merged to Novo Invest Bulgaria EOOD, and in Romania the companies Inter Invest Co Srl, S.C. Lucky Gaming Srl, S.C. Nili Real Srl and Admiral Pariuri Sportive Srl were merged to S.C. Intertop Srl. In Italy Allstar Italiana Srl and Gimau Srl were combined.

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:

Scope of consolidation	fully consolidated	valued at-equity
Balance on 12/31/2010	123	8
First-time inclusion in 2011	17	0
Disposed of in 2011	-2	0
Merged in 2011	-8	0
Switched from at-equity valuation to fully consolidated in 2011	2	-2
Balance on 12/31/2011	132	6
thereof non-Austrian companies	113	4

Fully consolidated companies

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
ADMICS	Admira d.o.o., Serbia	NOVOCS	100.00%	100.00%
PUNTIT	Admiral Bet Italia s.r.l., Italy	ADRIT	100.00%	100.00%
ACEAT	Admiral Casinos & Entertainment AG, Austria	NAG	100.00%	100.00%
ADGAES	Admiral Gaming Andalucia S.A., Spain	NOGES	95.84%	95.84%
3ZHR	Admiral Gaming d.o.o., Croatia	NOGHR	100.00%	100.00%
AICHR	Admiral International Casinos d.o.o., Croatia	NOGHR	100.00%	100.00%
AISSIT	Adria Gaming Bolzano s.r.l., Italy	ALLIT	65.00%	100.00%
AKMSI	Admiral d.o.o., Slovenia	NOVSI	100.00%	100.00%
ADSLES	Admiral Slots S.A., Spain	NOGES	97.89%	97.89%
ASBUK	Admiral Sports Betting Ltd., UK	ASW	100.00%	100.00%
ASW	Admiral Sportwetten GmbH, Austria	AGI	100.00%	100.00%
ADMILV	Admiralu Klubs SA, Latvia	AGI	60.00%	60.00%
ADRIT	Adria Gaming International S.p.A., Italy	NAG	100.00%	100.00%
AGFIT	Adria Gaming Firenze S.r.l., Italy	ADRIT	80.00%	80.00%
AGMIT	Adria Gaming Milano S.r.l., Italy	ADRIT	100.00%	100.00%
AGSIT	Adria Gaming Services S.r.l., Italy	ADRIT	100.00%	100.00%
GOLDIT	Adria Gaming Treviso S.r.l., Italy	ADRIT	100.00%	100.00%
AGVIT	Adria Gaming Vicenza S.r.l., Italy	ALLIT	45.50%	70.00%
ADRIAL	Adriatik Game Sh.A., Albania	EAGAL	100.00%	100.00%
AGISA	AGI Africa (Pty) Ltd., South Africa	AGI	100.00%	100.00%
AAGHU	AGI American Games Kft., Hungary	GAHUU	100.00%	100.00%
AGIAR	AGI Argentina Limitada S.r.l., Argentina	AGI / HTM	90.00%/10.00%	90.00%/10.00%
SENHU	AGI European Games Kft., Hungary	GAHUU	100.00%	100.00%
AGIGHU	AGI Gastro Kft., Hungary	AGIHU	100.00%	100.00%
AGIHU	AGI Hungaria Kft., Hungary	AGI	100.00%	100.00%
AGIMX	Crown Gaming Services Mexico S. de R.L. de C.V., Mexico	AGI	60.00%	60.00%
AKOCS	Beo-Gaming d.o.o., Serbia	NOVOCS	100.00%	100.00%
ALBAL	Albaten Sh.p.k., Albania	EAGAL	100.00%	100.00%
ALFLV	Alfor SIA, Latvia	AGI	60.00%	60.00%
ALGAST	Algast Gastronomie GmbH, Austria	AGI	100.00%	100.00%
ALLIT	Allstar Italiana S.r.l., Italy	ADRIT	65.00%	65.00%
ALSGRU	ALS Group OOO, Russia	AGI	60.00%	60.00%
ALSRU	ALS OOO, Russia	ALSGRU	60.00%	100.00%
NEE	AS Novoloto, Estonia	NAG	100.00%	100.00%
ASTRAL	Astra Albania Sh.A., Albania	EAGAL	100.00%	100.00%
ASTUK	Astra Games Ltd., UK	AGI	100.00%	100.00%
AGI	Austrian Gaming Industries GmbH, Austria	NAG	100.00%	100.00%
AUTEC	Autec AutomatenbetriebsgmbH, Austria	AGI	90.00%	90.00%
BPAFDE	BPA Freizeit- und Unterhaltungsbetriebe GmbH, Germany	NSMLDE	95.00%	95.00%
MATAHR	Captura d.o.o., Croatia	NOGHR	100.00%	100.00%
CAS1DE	Casino Deluxe Beteiligungsges.m.b.H. I, Germany	BPAFDE	95.00%	100.00%
CAS3DE	Casino Deluxe Beteiligungsges.m.b.H. III, Germany	BPAFDE	95.00%	100.00%
CROMX	Crown Gaming Mexico S.A. de C.V, Mexico	AGI	60.00%	60.00%
CROPY	Crown Gaming Paraguay S.A., Paraguay	AGI	65.00%	65.00%
CROPE	Crown Gaming S.A.C., Peru	NOVOPE	65.00%	65.00%
CRODE	Crown Technologies GmbH, Germany	NSMLDE	100.00%	100.00%
EAGAL	Eagle Investment Sh.A, Albania	AGI	100.00%	100.00%
ERBAHR	Erba d.o.o., Croatia	NOGHR	100.00%	100.00%
EMPUK	Empire Games Ltd., UK	ASTUK	70.00%	70.00%
EXTDE	Extra Games Entertainment GmbH, Germany	NSMLDE	93.00%	93.00%
FILLRO	Fill and Play Slots S.R.L., Romania	NOVORO	60.00%	60.00%
FST	Funstage Spielewebseiten Betriebsges.m.b.H., Austria	GTA	100.00%	100.00%
GAHUU	Games Holding Hungaria Kft., Hungary	AGIHU	100.00%	100.00%
GAM	G.A.M.E. SYS Geldspiel-Automaten-Miet-Elektronik-System GmbH, Austria	AGI	100.00%	100.00%
GUB	Gastronomie- u. Unterhaltungselektronik Betriebs GmbH, Austria	HTM	100.00%	100.00%
GSM	Giochi San Marino S.p.a., San Marino	AGI	88.00%	88.00%
GMAIT	G.Matica S.r.l., Italy	TELCIT	80.94%	95.00%
GTA	Greentube Internet Entertainment Solutions GmbH, Austria	ASTUK	100.00%	100.00%
GTMT	Greentube Malta Ltd., Malta	GTA	100.00%	100.00%
GALUK	Greentube Alderney Ltd., UK	GTMT	100.00%	100.00%
HIRDE	Hirscher Moneysystems GmbH, Germany	CRODE	80.00%	80.00%
HOCAP	Hotel Carrera S.A.C., Peru	IMRAPE	65.00%	100.00%
HRG	HRG Formenbau + Kunststofftechnik GmbH, Austria	AGI	80.00%	80.00%
HTSI	HT Management d.o.o., Slovenia	NOVOSI	100.00%	100.00%
TIVSI	HTI Invest d.o.o., Slovenia	NOVOSI	100.00%	100.00%
HTLBA	HTL d.o.o. Sarajevo, Bosnia and Herzegovina	AGI	100.00%	100.00%
HTLIUA	HTL Invest LCC, Ukraine	HTLUA	100.00%	100.00%
HTLMK	HTL Macedonia DOOEL, Macedonia	AGI	100.00%	100.00%
HTLME	HTL Montenegro d.o.o., Montenegro	AGI	100.00%	100.00%
HTM	HTM Hotel- u. Tourismus Management GmbH, Austria	NAG	100.00%	100.00%
IGROUA	Igrotech-Import OOO, Ukraine	AZARLT	80.00%	100.00%
IMRAPE	Inmobiliaria Rapid S.A.C., Peru	CROPE	65.00%	100.00%
SCHAAF	J.u.C. Schaaf Spielautomatenbetriebsges.m.b.H., Austria	GAM	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
MAGMK	MA Gaming d.o.o.e.l., Macedonia	HTLMK	100.00%	100.00%
MASTMK	Masterbet DOOEL, Macedonia	HTLMK	100.00%	100.00%
MEDHR	Mediteran Gaming d.o.o., Croatia	NOGHR	100.00%	100.00%
MNAME	MNA Gaming d.o.o., Montenegro	HTLME	100.00%	100.00%
NMN	NMN Automatentechnik GmbH, Austria	NAG	100.00%	100.00%
NOVOLT	Novogaming Vilnius UAB, Lithuania	AGI	80.00%	80.00%
NOVSI	NOVO AS d.o.o., Slovenia	NOVOSI	100.00%	100.00%
NOGHR	Novo Gaming d.o.o., Croatia	AGI	100.00%	100.00%
IKGDE	Novo Immobilien GmbH, Germany	NAG	99.80%	99.80%
NOVORO	Novo Invest Co srl, Romania	AGI	100.00%	100.00%
NOVOBG	Novo Invest Bulgaria EOOD, Bulgaria	AGI	100.00%	100.00%
NOVOSI	Novo Investicije d.o.o., Slovenia	AGI	100.00%	100.00%
NOVOCS	Novo Investment d.o.o., Serbia	AGI	100.00%	100.00%
TREU14	Treuhand 14 GmbH, Slovenia	TREU3	80.00%	100.00%
NOVOBA	NOVO RS d.o.o., Bosnia and Herzegovina	AGI	100.00%	100.00%
NOVOCL	Novochile Ltda., Chile	AGI / HTM	99.00% / 1.00%	99.00% / 1.00%
AON	Novomatic Forum GmbH, Austria	NAG	100.00%	100.00%
NOGES	Novomatic Gaming Spain S.A., Spain	AGI	100.00%	100.00%
NHCCL	Novomatic Holdings Chile Ltda., Chile	NICCL	100.00%	100.00%
NICCL	Novomatic Investment Chile S.A., Chile	NAG	100.00%	100.00%
NOVOPE	Novomatic Peru S.A.C., Peru	AGI	100.00%	100.00%
NOVORU	Novotech OOO, Russia	HTLRU	95.64%	96.61%
NSMLDE	NSM-Löwen Entertainment GmbH, Germany	AGI	100.00%	100.00%
NTGIT	NT Gaming S.r.l., Italy	ADRIT	60.00%	60.00%
HTLRU	OOO HTL Posledni Per., Russia	AGI	99.00%	99.00%
HTLUA	OOO HTL Ukraine LCC, Ukraine	AGI	100.00%	100.00%
UGIRU	OOO United Gaming Industries, Russia	AGI	99.99%	99.99%
ARGAR	Octavian de Argentina S.A., Argentina	AGI / HTM	90.00%/10.00%	90.00%/10.00%
OLACO	AGI Gaming Colombia S.A.S., Colombia	AGI	100.00%	100.00%
SBPRU	Octavian SPb Limited Partnership, Russia	AGI	100.00%	100.00%
PLANBY	Planeta Igr COO, Belarus	AZARLT	80.00%	100.00%
HTBLBA	RSA Gaming d.o.o., Bosnia and Herzegovina	NOVOBA	80.00%	80.00%
INTRO	SC Intertop srl, Romania	AGI / NOVORO	43.92%/55.94%	43.92%/55.94%
SIMAPE	Sierra Machines S.A.C., Peru	CROPE	65.00%	100.00%
SBBKDE	Spielbank Berlin Gustav Jaenecke GmbH & Co.KG, Germany	NAG	92.04%	92.04%
SBSKDE	Spielbank Berlin Service GmbH & Co.KG, Germany	NAG	92.50%	92.50%
SBEKDE	Spielbank Berlin Entertainment GmbH & Co.KG, Germany	NAG	92.04%	92.04%
SBNKDE	Spielbank Berlin nationale Beteiligungs GmbH & Co.KG, Germany	NAG	92.04%	92.04%
SLUIT	Adria Gaming Venezia S.r.l., Italy	GOLDIT	100.00%	100.00%
SWP	Sportwetten Pirker GmbH, Austria	HTM	100.00%	100.00%
TELCIT	Telcos S.r.l., Italy	TREU10 / ADRIT	75.20%/10.00%	75.20%/10.00%
TEMPHR	Tempo-Star d.o.o., Croatia	NOGHR	100.00%	100.00%
TIMRO	TIMAX Srl., Romania	NOVORO	100.00%	100.00%
TREU1	Treuhand GmbH, Austria	AGI	60.00%	60.00%
TREU3	Treuhand 3 GmbH, Austria	AGI	80.00%	80.00%
TREU4	Treuhand 4 GmbH, Slovenia	TREU3	74.00%	92.50%
TREU9	Treuhand 9 GmbH, Poland	TREU1	60.00%	100.00%
TREU10	Treuhand 10 GmbH, Switzerland	NAG	100.00%	100.00%
TREU11	Treuhand 11 GmbH, Malta	FST	100.00%	100.00%
TREU12	Treuhand 12 GmbH, Netherlands Antilles	TREU11	100.00%	100.00%
TREU13	Treuhand 13 GmbH, Malta	TREU11	100.00%	100.00%
AZARLT	UAB Azarto Technika, Lithuania	AGI	80.00%	80.00%
VILLBG	Vilox Group EOOD, Bulgaria	NOVOBG	100.00%	100.00%
VIDDE	Video Buster Vertriebsverwaltungsges.m.b.H., Germany	BPAFDE	95.00%	100.00%
WEC	Wett Cafe Betriebs GmbH, Austria	HTM	100.00%	100.00%
WETTRO	Wettpunkt International Srl, Romania	NOVORO	100.00%	100.00%
ZETHR	Zeton d.o.o., Croatia	NOGHR	100.00%	100.00%
ZOLRU	Zolotaya Bukhta OOO, Russia	HTLRU	98.80%	99.80%

### Companies consolidated at-equity

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
DRAGMT	Dragonara Gaming Ltd., Malta	AGI	40.00%	40.00%
NOSUCL	Novo Sun S.A., Chile	NHCCL	50.00%	50.00%
POL	H.Polanz GmbH, Austria	WEC	50.00%	50.00%
PRAGA	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Austria	NAG	47.50%	47.50%
SIMKDE	SIM Spielbanken, Investitions-, Beteiligungs- und Management GmbH & Co.KG, Frankfurt (Germany)	NAG	49.00%	49.00%
SIMDE	SIM Spielbanken, Investitions- und Management GmbH, Frankfurt (Germany)	NAG	49.00%	49.00%



## Non-consolidated affiliated companies

IC-Code	Company, domicile	Superordinate company	Group share	Direct 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%
CONDE	Condor GmbH, Germany	CRODE	100.00%	100.00%
FORTDE	Fortumat Spiel- und Automatenbetriebs GmbH, Germany	NSMLDE	100.00%	100.00%
FRI BY	Fri Game COOO, Belarus	AZARLT	80.00%	100.00%
GBT	GBT Products and Technologies VertriebsGmbH, Austria	AUTEC	90.00%	100.00%
GIPDE	GIP Gastronomie Investitionsgesellschaft Potsdamer Platz GmbH, Germany	SBSKDE	92.50%	100.00%
INTLB	Interinvest Holding SAL, Lebanon	AGI	94.99%	94.99%
IVGDE	Novo Immobilien Verwaltungsges.m.b.H., Germany	IKGDE	99.80%	100.00%
SBBVDE	Spielbank Berlin Verwaltungs GmbH, Germany	SBBKDE	92.04%	100.00%
SBEVDE	Spielbank Berlin Entertainment Verwaltungs GmbH, Germany	SBEKDE	92.04%	100.00%
SWIT	SW S.R.L., Italy	ALLIT	65.00%	100.00%
TREU 5	Treuhand 5 GmbH, Germany	TREU 3	80.00%	100.00%
TREU 6	Treuhand 6 GmbH, Germany	TREU 3	80.00%	100.00%
TREU 7	Treuhand 7 GmbH, Spain	TREU 3	80.00%	100.00%
TREU 8	Treuhand 8 GmbH, Netherlands	TREU 3	80.00%	100.00%

## Acquisitions

### BPA Freizeit- und Unterhaltungsbetriebe GmbH:

For a detailed description of the acquisition of 75% of the shares in the gaming hall operator BPA Freizeit- und Unterhaltungsbetriebe GmbH, Germany, in August 2010, we refer to the notes to the consolidated statements of 2010. The initial accounting for this business combination was based on the preliminary Fair-value in the consolidated financial statements of 2010.

The finally determined Fair-value led to a reduction of the intangible assets of 6 m EUR as well as to a reduction of the deferred tax liability by 1.8 m EUR. As a consequence, the goodwill increased from initially 3.0 m EUR to 6.2 m EUR, whereas the non-controlling interests decreased by 1.1 m EUR. In the current consolidated financial statements, amendments are shown retrospectively according to IFRS 3 and have entailed a change in the comparative figures in the balance sheet.

On January 1, 2011 an additional 20% were acquired. Therefore NOVOMATIC Group now holds 95% of the shares in the gaming hall operator BPA Freizeit- und Unterhaltungsbetriebe GmbH as of December 31, 2011.

The fair-values presented themselves as follows:

EUR m	Preliminary Fair-value	Adjustments	Fair-value
Intangible assets	25.6	-6.0	19.6
Property, plant and equipment	7.2		7.2
Deferred tax assets	0.3		0.3
Inventories	0.4		0.4
Cash	1.3		1.3
Other current assets	0.4		0.4
Non-current liabilities and provisions	-5.4		-5.4
Deferred tax liabilities	-6.4	1.8	-4.6
Current liabilities and provisions	-4.5		-4.5
<b>Net assets</b>	<b>19.0</b>		<b>14.7</b>
<b>Non-controlling interests</b>	<b>-4.7</b>	<b>1.1</b>	<b>-3.7</b>
Goodwill (for 75% of the shares)	3.0	3.2	6.2
<b>Consideration (for 75% of the shares)</b>	<b>17.3</b>		<b>17.3</b>

The consideration of 17.3 m EUR was paid in cash or cash equivalents.

**Spielbank Berlin – Companies:**

In order to strengthen operational business activities in Germany, 92.04% of the shares in Spielbank Berlin Gustav Jaenecke GmbH & Co KG and the three other above mentioned limited partnerships were acquired as of January 1, 2011. The primary activity of the acquired companies comprises the operation of a licensed public casino with 3 branches in Berlin as well as supplementary catering and entertainment services.

The Group acquired these companies from the controlling shareholder of NOVOMATIC AG. The purchase price and the contract design are based on internal business calculations and negotiations between the counterparties involved. Since this acquisition is considered an arm's length transaction, the group accounts for this business combination of two companies under common control applying IFRS 3. The goodwill resulting from the acquisition reflects the expected strategic advantages for the Group through the expansion of operating activities in the German market.

The fair-values at the acquisition date present themselves as follows:

EUR m	Fair-value
Intangible assets	3.9
Property, plant and equipment	8.3
Non-current financial assets	0.6
Cash	8.4
Other current assets	9.3
Non-current liabilities and provisions	-2.7
Deferred tax liabilities	-3.5
Current liabilities and provisions	-11.2
<b>Net assets</b>	<b>13.1</b>
<b>Shares in limited partnerships</b>	<b>-1.0</b>
Goodwill	1.8
<b>Consideration</b>	<b>13.8</b>

The consideration of 13.8 m EUR was paid in cash or cash equivalents.

The comprehensive income for the period since acquisition date amounts to 0.7 m EUR.

**Telcos Srl / G.Matica Srl:**

By July 1, 2011 a further 38% of the shares in Telcos Srl were acquired in addition to the already existing 47.2%. Therefore, the equity investment was transformed into a fully consolidated company.

Telcos Srl holds 95% of the shares in G.Matica Srl, one of ten concessionaires in Italy, which holds licenses for the operation of gaming machines and video lottery terminals. This strategic decision was made to enhance growth on the Italian market in a sustainable manner.

The fair-values at the acquisition date present themselves as follows:

EUR m	Fair-value
Intangible assets	69.0
Property, plant and equipment	1.0
Other non-current assets	7.0
Deferred tax assets	1.2
Inventories	0.0
Cash	11.3
Other current assets	34.1
Non-current liabilities and provisions	-17.7
Deferred tax liabilities	-11.2
Current liabilities and provisions	-26.7
<b>Net assets</b>	<b>68.0</b>
<b>Non-controlling interests</b>	<b>-11.1</b>
Goodwill	0.0
<b>Consideration</b>	<b>56.9</b>

Included in other current assets are receivables from goods and services with a Fair-value of 25.0 m EUR.

The consideration of 56.9 m EUR comprises the Fair-value of the equity share amounting to 30.8 m EUR, cash or cash equivalents amounting to 25.0 m EUR as well as an option premium received amounting to 1.1 m EUR. The profit in the amount of 10.9 m EUR resulting from the revaluation of the already-held shares to Fair-value at the acquisition date was recognized within the profit or loss.

Based on a business valuation, non-controlling interests were recognized at Fair-value at the acquisition date.

The income for the period since the acquisition date amounts to 2.3 m EUR.

#### 000 United Gaming Industries:

Due to the purchase of an additional 49.99% as of October 1, 2011, the equity investment 000 United Gaming Industries is now fully consolidated. This acquisition is a business combination of entities under common control. As there are no specific IFRS regulations and the fair-values of the identified assets and liabilities do not differ substantially from their book values, no adjustments were carried out. The difference in consideration and net assets acquired at book value was offset against retained earnings.

The acquired book values at acquisition date present themselves as follows:

EUR m	Book values acquired
Intangible assets	0.0
Property, plant and equipment	0.3
Investment property	7.3
Other non-current assets	0.0
Deferred tax assets	0.0
Inventories	0.0
Cash	0.0
Other current assets	0.1
Non-current liabilities and provisions	0.0
Deferred tax liabilities	0.0
Current liabilities and provisions	0.0
<b>Net assets</b>	<b>7.8</b>
<b>Non-controlling interests</b>	<b>0.0</b>
Allocation to reserves	1.4
<b>Consideration</b>	<b>9.1</b>

The consideration comprises the value of the at-equity share amounting to 4.1 m EUR and in-cash or cash equivalents amounting to 5.0 m EUR.

The result for the period since the acquisition date amounts to -0.2 m EUR.

#### Other significant acquisitions:

To expand the product range of the NOVOMATIC Group, 70.0% of the shares in Empire Games Ltd., UK, were acquired as of January 1, 2011. Its business activities comprise the design, development, production and marketing of gaming machines and software. In January 2011, 99.0% of the shares in Inter Invest Co Srl, 99.90% of the shares in S.C. Lucky Gaming Srl and 99.0% in S.C. Nili Real Srl were acquired to optimize the organizational structure in Romania. Furthermore, 100% of the shares in Casino Deluxe BeteiligungsgmbH I, Casino Deluxe BeteiligungsgmbH III and Video Buster VertriebsverwaltungsgmbH, all in Germany, were purchased.

The fair-values at the acquisition date present themselves as follows:

EUR m	Fair-value
Intangible assets	1.6
Property, plant and equipment	1.9
Deferred tax assets	0.1
Inventories	0.1
Cash	0.6
Other current assets	0.9
Deferred tax liabilities	-0.2
Current liabilities and provisions	-1.1
<b>Net assets</b>	<b>3.9</b>
<b>Non-controlling interests</b>	<b>-0.1</b>
Goodwill	1.6
Received surplus affecting income	-0.1
<b>Consideration</b>	<b>5.3</b>

The consideration of 5.3 m EUR consists of 0.9 m EUR contingent considerations and of 4.4 m EUR in cash equivalents. The contingent consideration provides a subsequent purchase price payment after the assessment of the results of Empire Games Ltd. for the fiscal year 2015, which is calculated as 70% of the average EBITDA of the years 2011-2015 after deduction from the effected minimum purchase price. Based on the forecast for the company, the estimated Fair-value of the liability amounting to 0.9 m EUR at acquisition date was adjusted to 0.6 m EUR at balance sheet date.

Because of the good purchase price negotiations, a price below market value could be achieved which lead to a surplus affecting income amounting to 0.1 m EUR which is shown as other operating income.

The result for the period since the acquisition date amounts to -0.1 m EUR.

#### Other remarks regarding acquisitions

The disclosure of revenues 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 informational value in terms of the consolidated financial statements is insignificant.

## Accounting Policies

### **Basis of consolidation**

The first-time consolidation of acquired companies is carried out according to the purchase method at the date of acquisition. The consideration transferred in case of a business combination is measured at its Fair-value, which is an aggregate of the fair-values of the assets acquired and liabilities taken over from the former owner of the acquired company at the date of acquisition in exchange for the control of the company. The contingent consideration is treated as part of the transferred consideration and is measured at its Fair-value at the date of acquisition. If the business combination is achieved in stages, the previously held interest in the acquired entity is revalued at the Fair-value prevailing at the acquisition date, and the resulting profit or loss is recognized within the consolidated income statement. Additional acquisition costs are directly recognized as expense.

The acquired identifiable assets and liabilities taken over are measured at their Fair-value at the date of acquisition, unless exceptions thereof exist. In accordance with IFRS 3, any excess of the consideration transferred over the fair-values of the identifiable net assets acquired is recognized as goodwill. If consideration transferred is below the identifiable net assets, the difference is recognized against income after a re-evaluation of the acquired net assets.

Initially, non-controlling interests are valued at their respective portion in the identifiable net assets. During the subsequent accounting, the profit/loss of the subsidiary is attributed proportionally to the non-controlling interests, even if this results in a deficit balance. Presentation is within the equity separately from the equity attributable to the shareholders of Novomatic AG.

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.

Changes in interests in subsidiaries without loss of control are recognized as equity transaction.

The results as well as the assets and liabilities of associated companies are included using the equity method. Investments in associated companies are recognized on 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 intra-group profits 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 under financial, economic 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, 2011. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences arising are recognized as equity not affecting net income. At the elimination 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	
	12/31/2011	12/31/2010	2011	2010
	Albanian LEK	137.6975	141.0650	140.6619
Argentinian Peso	5.5595	5.2674	5.7888	5.1945
Bosnian convertible Mark	1.9558	1.9558	1.9558	1.9558
British Pounds	0.8398	0.8647	0.8715	0.8569
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Chilean Peso	672.9080	619.6615	676.1647	677.6429
Estonian Crown	-	15.6466	-	15.6466
Colombian Peso	2,509.0100	2,656.0400	2,593.3213	2,543.3792
Croatian Kuna	7.5250	7.3800	7.4467	7.2990
Latvian Lats	0.6985	0.7080	0.7060	0.7078
Lithuanian Litas	3.4515	3.4528	3.4518	3.4528
Macedonian Dinar	61.3433	62.5659	61.5205	61.9731
Mexican Peso	18.0700	16.5800	17.4191	16.6987
Paraguayan Guarani	5,725.2950	6,283.5100	5,844.2858	6,413.7483
Peruvian new Sol	3.4842	3.7600	3.8514	3.7727
Polish Zloty	4.4275	3.9670	4.1416	4.0114
Romanian Lei	4.3225	4.2890	4.2385	4.2217
Russian Rouble	41.7000	40.9000	41.0311	40.2096
Swiss Franc	1.2154	1.2492	1.2305	1.3693
Serbian Dinar	106.0000	105.5000	101.8637	103.5750
South-African Rand	10.4700	8.8970	10.1659	9.6313
Hungarian Forint	312.0000	278.0000	280.8242	276.6800
Ukrainian Hryvnia	10.3688	10.6933	11.1697	10.5823
Belarus Rouble	10,802.1000	4,024.9400	7,305.0154	3,966.1963

### Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated on the balance sheet at acquisition or production costs and – to the extent to which they are depreciable – less the scheduled straight-line amortization/depreciation. Production costs comprise direct costs as well as appropriate material and manufacturing costs. Administration expenses are not capitalized.

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

The assessment of intangible assets with an indefinite useful life is reviewed once a year, in order to decide if the assumption of an indefinite useful life is still justified. If this is not the case, the assumption of an indefinite useful life is changed to a limited useful life prospectively. For intangible assets with an indefinite useful life, an impairment test is carried out at least annually. Impairment is given if the recoverable amount underlies the book value. The recoverable amount is the higher value of the Fair-value and the value-in-use, where the value-in-use corresponds to the present value of the estimated future cashflows discounted at a pre-tax interest rate customary in the market and taking into account risks specific to the assets. Impairment is recognized in the year the event causing the impairment arises. Where an impairment loss subsequently reverse, the assets are written up.

In case of business combinations, any excess of the consideration transferred over the fair-values of the identifiable net assets acquired is shown as goodwill and, in accordance with IFRS 3, not written off. Instead, the carrying amount of the goodwill is

subject to an impairment test annually as of October 31 or if there is any indication of an impairment. If the carrying amount of a cash-generating unit, attributed with goodwill, exceeds its recoverable amount, the attributed goodwill is impaired to its recoverable amount. An impairment loss exceeding the goodwill will lead to the proportional reduction of the carrying amounts of the remaining fixed assets.

The estimated useful lives are:

	Useful life in years	
	from	to
<b>Intangible assets</b>		
Goodwill		Indefinite
Software	3	5
Patents and trademarks	10	15 or indefinite
Licenses	5	20 or indefinite
Customer relationship	7	15
Other intangible assets	3	10
<b>Property, plant and equipment</b>		
Buildings	20	50
Investments in rented property	10	20
Machines	3	10
Gaming machines	3	7
Equipment	3	10

### Investment property

Investment property concerns land and buildings held which are not used in business operations at the moment. They are stated at amortized 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 recognized initially at their Fair-value or, if lower, at the present value of the minimum lease or tenancy payments and written off over the estimated useful life. The recognized assets are shown on the balance sheet along with the present value of all lease and tenancy payments outstanding at the balance sheet date.

For leasing and tenancy agreements where the Group is lessor, the amounts payable by the lessee based on finance lease relations are shown as receivable amounting to the net investment in the lease of the Group.

All other leases or tenancies are qualified as operating leases. Rentals are shown as expense or income.

### Financial assets and other long-term assets

Interests in non-consolidated subsidiaries and other interests, whose Fair-value cannot be determined, are valued at acquisition costs, less any impairment loss recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased at most up to the acquisition costs.

The securities within the financial assets are classified as available for sale. They are measured at Fair-value. The Fair-value of the securities corresponds to the exchange price at balance sheet date. Changes in value are recognized in other comprehensive income with the exception of impairments, which are recognized in profit and loss.

Financial assets are recognized or derecognized on trade-date basis. The group only derecognizes a financial asset if contractually accorded rights to receive cashflows from the asset have expired or if the financial asset and all its risks and rewards are transferred to a third party.

Loans are valued at acquisition costs. In case of impairment, the carrying amount of the asset is adjusted to the lower Fair-value.

### **Inventories**

Inventories are stated at the lower of cost or net realizable value. Costs of raw materials are calculated using the weighted average method. Inventories are reviewed for slow movement or obsolete items and, if necessary, appropriate adjustments are made.

### **Receivables and other short-term assets**

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

### **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. The costs of the estimated benefit entitlements are allocated over the whole period of employment. Future increases in remuneration are taken into account. Actuarial gains and losses falling within a corridor of 10% of the greater of projected benefit obligations and plan assets – measured in both cases at the beginning of the year – are not recognized in pensions and severance payments provisions. Actuarial gains and losses falling outside this corridor are distributed according to the average remaining years of service of the participants in the plan. The accrued amounts are based on the expert opinion of a qualified actuary as of the balance sheet date.

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

### **Liabilities**

Liabilities are stated at amortized costs. Long-term liabilities are discounted by using the effective interest method. Liabilities in foreign currencies are valued at the offered exchange rate at balance sheet date. Gains and losses resulting from the currency translation are recognized in the income statement.



### **Derivative financial instruments**

The Group uses derivative financial instruments, like interest swaps, to hedge its risks associated with the change of interest rates. Such derivatives are initially recorded at Fair-value at contract date and are re-measured to Fair-value at subsequent reporting dates. A derivative financial instrument is recognized as 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 sale and rental of gaming machines and the operation of gaming halls and electronic gaming machine casinos, as well as from betting. Revenues from the sale of gaming machines are recognized when the products are delivered and risk and ownership have passed to the customer. Revenues from the operation of gaming houses and electronic gaming machine casinos are shown as the net amount of the bets placed by the customers and the payouts received by them and are recognized at the time of settlement. Should the supply and networking of account settlement systems represent the core business activity, the consideration received is shown as revenue. 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. Revenues from betting operations are shown as net amounts resulting from bets and payouts from betting. 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 on 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 shown net in the Group, if a right of set-off exists and the taxes relate to taxpayers in the same tax group.

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

Country	2011 tax rate	2010 tax rate
Austria	25%	25%
Albania	10%	10%
Argentina	35%	35%
Bosnia and Herzegovina	10%	10%
Bulgaria	10%	10%
Chile	20%	17%
Germany	15.825% - 57.2%	16% - 30.8025%
Curacao	2%	2%
England	25%	28%
Italy	27.5% and 31.4%	27.5% and 31.4%
Columbia	33%	33%
Croatia	20%	20%
Latvia	15%	15%
Lithuania	15%	15%
Malta	35%	35%
Macedonia	10%	10%
Mexico	30%	30%
Montenegro	9%	9%
Paraguay	10%	10%
Peru	30%	30%
Poland	19%	19%
Romania	16%	16%
Russia	20%	20%
San Marino	17%	17%
Switzerland	6.5%	6.5%
Serbia	10%	10%
Slovenia	20%	20%
Spain	30%	30%
South Africa	28%	28%
Ukraine	21%	25%
Hungary	10%	19% and 10%
Belarus	24%	24%

### 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 assumptions may differ from the actual circumstances.

In particular, uncertainties can occur concerning the estimates of useful life, intangible assets with indefinite useful life, 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, with regard to factors such as retirement age, life expectancy and future increases in remunerations and pensions.

The underlying assumptions are subject to regular reviews and adaptation.

## Notes to the Consolidated Balance Sheet

## (1) Intangible assets

EUR m

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2010	35.7	8.9	0.0	102.1	32.5	179.2
Currency translation adjustments	0.0	-0.1	0.0	0.3	0.0	0.2
Change in the consolidation scope	9.2 <sup>1</sup>	2.8	20.8 <sup>1</sup>	17.3	0.0	50.1 <sup>1</sup>
Additions	0.4	0.0	0.9	10.9	0.8	13.0
Disposals	-0.2	0.0	-0.5	-3.2	-21.4	-25.3
Reclassifications	0.0	0.4	50.8	-51.6	-1.1	-1.6
<b>Balance as of 12/31/2010</b>	<b>45.2<sup>1</sup></b>	<b>12.0</b>	<b>71.9<sup>1</sup></b>	<b>75.8</b>	<b>10.8</b>	<b>215.6<sup>1</sup></b>

EUR m

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2011	45.2	12.0	71.9	75.8	10.8	215.6
Currency translation adjustments	0.0	0.0	0.5	0.0	0.0	0.6
Change in the consolidation scope	0.0	0.7	71.6	4.0	0.0	76.4
Additions	5.4	0.0	38.3	12.1	1.0	56.8
Disposals	-0.1	-0.1	-0.5	-2.0	0.0	-2.7
Reclassifications	0.0	0.0	-1.5	12.2	-11.2	-0.5
<b>Balance as of 12/31/2011</b>	<b>50.4</b>	<b>12.7</b>	<b>180.3</b>	<b>102.1</b>	<b>0.6</b>	<b>346.2</b>

EUR m

Accumulated amortization	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2010	3.2	4.1	0.0	36.5	0.1	43.9
Currency translation adjustments	0.0	0.0	0.0	0.2	0.0	0.1
Change in the consolidation scope	0.0	0.3	1.1	0.5	0.0	1.9
Additions	8.3	0.6	4.9	10.0	0.0	23.8
Disposals	0.0	0.0	-0.1	-2.8	0.0	-2.9
Reclassifications	0.0	0.0	6.6	-6.7	0.0	-0.1
<b>Balance as of 12/31/2010</b>	<b>11.5</b>	<b>5.0</b>	<b>12.5</b>	<b>37.8</b>	<b>0.1</b>	<b>66.8</b>

EUR m

Accumulated amortization	Goodwill	Trademarks and patents	Licenses and concessions	Other intangible assets	Prepayments	Total
Balance as of 01/01/2011	11.5	5.0	12.5	37.8	0.1	66.8
Currency translation adjustments	0.0	0.0	0.1	0.1	0.0	0.2
Change in the consolidation scope	0.0	0.0	0.5	1.5	0.0	2.0
Additions	4.7	0.6	12.1	12.6	0.0	30.0
Disposals	0.0	-0.1	-0.3	-1.3	0.0	-1.6
Reclassifications	0.0	0.0	0.5	-0.5	0.0	0.0
<b>Balance as of 12/31/2011</b>	<b>16.1</b>	<b>5.5</b>	<b>25.5</b>	<b>50.1</b>	<b>0.1</b>	<b>97.3</b>

<b>Carrying amounts as of 12/31/2010</b>	<b>33.7<sup>1</sup></b>	<b>7.0</b>	<b>59.4<sup>1</sup></b>	<b>38.0</b>	<b>10.7</b>	<b>148.8<sup>1</sup></b>
<b>Carrying amounts as of 12/31/2011</b>	<b>34.3</b>	<b>7.3</b>	<b>154.8</b>	<b>51.9</b>	<b>0.5</b>	<b>248.9</b>

1) Adjustments according to IFRS 3, see Notes to Scope of Consolidation / Acquisition

The investments in other intangible assets amount to 12.1 m EUR (previous year: 10.9 m EUR) and mainly concern the acquisition of gaming software. Other intangible assets include in particular software with a book value of 20.3 m EUR (previous year: 17.5 m EUR) and customer relationships with a book value amounting to 8.3 m EUR (previous year: 9.7 m EUR).

The intangible assets comprise licenses with an indefinite useful life amounting to 18.5 m EUR (previous year: 18.5 m EUR) and trademarks with an indefinite useful life amounting to 3.6 m EUR (previous year: 2.8 m EUR). The annual impairment test for licenses with an indefinite useful life is carried out just as the procedure shown under goodwill.

The Group did not have any capitalizable internally-generated intangible assets. In the period under report, development expenditures amounting to 43.8 m EUR (previous year: 37.9 m EUR) were recognized in the income statement as “personnel cost,” “other expenses” and “depreciation/amortization of tangible and intangible assets.”

### Goodwill

As of December 31, 2011 the Group’s goodwill is composed of the following cash-generating units according to IAS 36.134:

EUR m	12/31/2011	12/31/2010
Gaming operations, Croatia	2.3	2.3
Gaming operations, Latvia	3.1	3.1
Gaming operations, Romania	6.7	6.2
Gaming operations, Germany	3.2	6.2
Spielbank Deutschland	1.8	0.0
Sales	2.0	2.0
Other	15.2	13.9
<b>Total</b>	<b>34.3</b>	<b>33.7</b>

The recoverable amount of the cash-generating units is based on the calculation of a value in use applying cashflow forecasts for a period of between three to five years which are 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 in light of comparable projects, market potentials and risks. As far as the goodwill results from the acquisition of gaming operating companies, all operators in the respective country are defined as a cash-generating unit.

Discount rates ranging from 10.01% to 18.86% (2010: 9.76%-21.17%) were used for the cashflow forecast, taking into consideration the respective country-specific risks. Cashflows occurring after the period of between three and five years are carried over with a growth rate of 2% (2010: 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 October 31, 2011 resulted in an impairment of 4.7 m EUR (previous year: 8.3 m EUR). Thereof 3.0 m EUR (previous year: 7.7 m EUR) concern the segment “Gaming Operations” and 1.7 m EUR (previous year: 0.6 m EUR) apply to the segment “Betting.”

**(2) Property, plant and equipment**

EUR m

<b>Acquisition costs</b>	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2010	354.8	515.7	179.1	23.8	1,073.5
Currency translation adjustments	-0.1	2.9	0.1	0.0	2.9
Change in the consolidation scope	10.0	5.3	5.8	0.0	21.1
Additions	31.1	231.6	39.3	33.1	335.1
Disposals	-8.5	-141.0	-15.3	0.0	-164.8
Reclassifications	12.5	14.7	5.2	-30.8	1.6
<b>Balance as of 12/31/2010</b>	<b>399.8</b>	<b>629.2</b>	<b>214.3</b>	<b>26.2</b>	<b>1,269.4</b>

EUR m

<b>Acquisition costs</b>	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2011	399.8	629.2	214.3	26.2	1,269.4
Currency translation adjustments	-0.8	-1.1	0.0	0.0	-2.0
Change in the consolidation scope	10.6	8.8	12.5	0.0	31.9
Additions	29.4	127.9	52.0	26.2	235.5
Disposals	-10.3	-121.1	-12.9	-12.9	-157.2
Reclassifications	9.9	-4.9	2.8	-7.1	0.8
<b>Balance as of 12/31/2011</b>	<b>438.6</b>	<b>638.8</b>	<b>268.7</b>	<b>32.5</b>	<b>1,378.5</b>

EUR m

<b>Accumulated amortization</b>	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2010	61.0	246.9	83.3	2.4	393.6
Currency translation adjustments	-0.1	2.2	0.1	0.0	2.2
Change in the consolidation scope	1.8	2.8	2.7	0.0	7.2
Additions	19.2	155.5	27.0	0.2	202.0
Disposals	-5.0	-83.6	-10.6	0.0	-99.2
Reclassifications	0.4	0.2	0.4	-0.9	0.1
Appreciations	0.0	-1.0	0.0	0.0	-1.1
<b>Balance as of 12/31/2010</b>	<b>77.2</b>	<b>323.0</b>	<b>102.9</b>	<b>1.7</b>	<b>504.8</b>

EUR m

<b>Accumulated amortization</b>	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Balance as of 01/01/2011	77.2	323.0	102.9	1.7	504.8
Currency translation adjustments	-0.1	-0.2	0.0	0.0	-0.2
Change in the consolidation scope	6.4	5.4	8.9	0.0	20.7
Additions	23.6	149.7	32.4	0.1	205.7
Disposals	-1.5	-109.5	-7.3	0.0	-118.3
Reclassifications	0.0	-1.0	1.0	0.0	0.0
Appreciations	0.0	-0.1	0.0	0.0	-0.1
<b>Balance as of 12/31/2011</b>	<b>105.6</b>	<b>367.5</b>	<b>137.9</b>	<b>1.8</b>	<b>612.7</b>
<b>Carrying amounts as of 12/31/2010</b>	<b>322.6</b>	<b>306.2</b>	<b>111.4</b>	<b>24.5</b>	<b>764.6</b>
<b>Carrying amounts as of 12/31/2011</b>	<b>333.0</b>	<b>271.3</b>	<b>130.8</b>	<b>30.7</b>	<b>765.8</b>

In order to collateralize two loans, liens were registered on a property in Gumpoldskirchen to the extent of 3.0 m EUR and on a property in Steinhaus to the extent of 1.2 m EUR.

As a result of sale agreements concluded in 2011, developed property with a book value of 7.5 m EUR is held for sale.

### Finance Lease

NOVOMATIC AG as lessee:

The carrying amount of the Group's property, plant and equipment in respect of assets held under finance lease totals 8.2 m EUR (previous year: 6.2 m EUR). 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 carrying amount of the Group's investment property held under finance lease adds up to 14.4 m EUR (previous year: 14.9 m EUR). After the expiration of the agreement, ownership of the property will be transferred to the group.

The sale-and-lease-back transactions of the Group present themselves as follows: the carrying amounts of gaming machines recognized as property, plant and equipment account for 7.4 m EUR (previous year: 11.3 m EUR). Due to their classification as finance lease, the profits resulting from the sale are distributed over the contract duration of 4 years and are recognized as deferred income on the balance sheet.

EUR m	Minimum lease payments		Present value of minimum lease payments	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Within one year	4.1	5.4	3.8	5.1
Between one and five years	6.2	9.8	5.7	9.7
Over five years	0.0	0.0	0.0	0.0
<b>Total</b>	<b>10.3</b>	<b>15.2</b>	<b>9.4</b>	<b>14.8</b>
Minus prospective financing costs	-0.8	-0.4		
<b>Present value of lease obligations</b>	<b>9.4</b>	<b>14.8</b>		

NOVOMATIC AG as lessor:

The Group concludes finance lease agreements for slot machines. The average term of the concluded finance lease agreements is between 1 and 3 years.

EUR m	Minimum lease payments		Present value of minimum lease payments	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Within one year	18.8	8.5	17.3	6.9
Between one and five years	6.9	9.9	5.9	9.0
Over five years	0.0	0.0	0.0	0.0
<b>Total</b>	<b>25.6</b>	<b>18.4</b>	<b>23.2</b>	<b>15.8</b>
Minus prospective financing income	-2.4	-2.6		
<b>Present value of lease receivables</b>	<b>23.2</b>	<b>15.8</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:

EUR m	12/31/2011	12/31/2010
For the next year	44.6	34.2
For the second to the fifth year inclusive	121.9	98.2
Over five years	54.2	70.7

NOVOMATIC AG as lessor:

The group concluded contracts for renting of gaming machines with irredeemable terms between 12 and 24 months. The gaming machines are shown in the tangible fixed assets as "plant and machinery." The payments of rent in the reporting period are shown as sales under "income from rent and management services."

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

EUR m	12/31/2011	12/31/2010
For the next year	143.4	191.1
For the second to the fifth year inclusive	51.4	33.5
Over five years	0.0	0.0

### (3) Investment property

EUR m	12/31/2011	12/31/2010
Balance as of 01/01	29.6	26.4
Change in the consolidation scope	7.0	0.0
Additions	0.0	3.9
Disposals	-9.8	0.0
Reclassifications	-0.3	0.0
Depreciation / amortization	-0.7	-0.6
<b>Balance as of 12/31</b>	<b>25.9</b>	<b>29.6</b>

Investment property concerns land and buildings which are currently not used in operational business. For new acquisitions the purchase price is considered to be the Fair-value. Already existing investment property is valued on the basis of valuation reports from prior years. The valuation report has not been updated because the underlying assumptions did not change significantly. The Fair-value is therefore identical to the acquisition costs. Accordingly, the Fair-value amounts to 25.9 m EUR (previous year: 29.6 m EUR).

**(4) Investments in associated companies**

EUR m	12/31/2011	12/31/2010
Balance as of 01/01	144.9	86.9
Currency translation adjustments	-6.2	12.7
Additions	0.2	56.9
Share of post-acquisition profits	0.8	-3.7
Dividends	-0.5	-0.5
Change in the consolidation method	-54.9	-7.4
<b>Balance as of 12/31</b>	<b>84.4</b>	<b>144.9</b>

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

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

EUR m	12/31/2011	12/31/2010
Assets	320.4	383.8
Liabilities	155.5	138.1
Revenues	195.0	134.9

**(5) Non-current financial assets**

EUR m	12/31/2011	12/31/2010
Investments in affiliated companies, non-consolidated	2.6	2.9
Securities	9.4	7.9
Other investments	1.6	0.4
<b>Total</b>	<b>13.6</b>	<b>11.3</b>

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

The Fair-value of investments in affiliated companies and other investments cannot be reliably evaluated; therefore, they are valued at their acquisition costs less any eventual impairment.



**(6) Taxes**

**Current tax receivables and liabilities:**

EUR m	12/31/2011	12/31/2010
Current tax receivables	30.2	15.4
Current tax liabilities	42.4	22.8

**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.

EUR m	12/31/2011	12/31/2010
Intangible assets	-24.8	-10.4
Property, plant and equipment	13.8	8.1
Finance lease	0.5	1.8
Financial assets	0.9	4.5
Securities	0.0	-0.1
Other non-current assets	0.0	-4.9
Inventories	4.6	2.7
Current financial assets	0.0	-0.1
Trade and other receivables	-9.9	-5.4
Non-current financial liabilities	0.9	0.9
Provision for severance payments	1.8	1.7
Provision for pensions	1.0	1.0
Provision for jubilee payments	0.2	0.1
Current provisions	0.8	0.1
Trade payables and other liabilities	-11.4	-15.6
Tax loss carry forward	9.1	9.0
<b>Total</b>	<b>-12.6</b>	<b>-6.6</b>

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

EUR m	12/31/2011	12/31/2010
Deferred tax assets	37.3	31.1
Deferred tax liabilities	-49.9	-37.7
<b>Total</b>	<b>-12.6</b>	<b>-6.6</b>

In accordance with IAS 12, deferred tax assets on the accumulated loss brought forward adding up to 9.1 m EUR (previous year: 9.0 m EUR) were recognized because they can be offset against taxable income in the future.

Tax assets are netted with tax liabilities if they concern the same tax authority and if the right and intention to offset exist.

**Deferred tax assets not recognized:**

EUR m	12/31/2011	12/31/2010
Tax loss	27.3	19.5
Temporary differences	1.6	1.2

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, 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.

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

EUR m	12/31/2011	12/31/2010
Loans	10.8	8.9
Accounts receivable from finance lease	5.9	9.0
Miscellaneous other non-current assets	81.8	66.6
<b>Total</b>	<b>98.5</b>	<b>84.4</b>

Due to contractual regulations, the rights of use for VLT (Video Lottery Terminal) licenses in the amount of 56.5 m EUR (previous year: 62.0 m EUR) are shown as miscellaneous other non-current assets.

**(8) Inventories**

EUR m	12/31/2011	12/31/2010
Raw materials and supplies	62.7	54.4
Work-in-progress	23.0	24.0
Finished goods and trade goods	55.0	74.2
Prepayments	3.5	7.3
<b>Total</b>	<b>144.2</b>	<b>160.0</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.

Write down of inventories amounts to 51.2 m EUR (previous year: 39.0 m EUR). The carrying amount of inventories recognized at Fair-value less distribution costs adds up to 9.7 m EUR (previous year: 10.2 m EUR).

**(9) Trade and other receivables**

EUR m	12/31/2011	12/31/2010
Trade receivables	142.5	101.0
Receivables from non-consolidated affiliated companies	0.1	0.4
Receivables from associated companies	2.0	2.9
Prepaid expenses	18.0	17.5
Other current receivables	29.7	27.4
<b>Total</b>	<b>192.3</b>	<b>149.1</b>

Impairment of trade receivables amounts to 36.1 m EUR (previous year: 32.6 m EUR). The impairment expenses of the year under report are recognized as other operating expenses in the income statement. Due to these impairments there exist no substantial overdue receivables that have not been written down.

The receivables from non-consolidated affiliated companies include trade receivables in the amount of 0.1 m EUR (previous year: 0.3 m EUR).

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

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

#### (10) Current financial assets

EUR m	12/31/2011	12/31/2010
Securities	1.6	0.1
Loans	2.4	1.5
Accounts receivable from finance lease	17.3	6.9
Other current financial assets	1.4	0.6
<b>Total</b>	<b>22.7</b>	<b>9.0</b>

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

#### (11) Cash and cash equivalents

EUR m	12/31/2011	12/31/2010
Cash	80.7	66.1
Bank deposit	431.5	211.2
<b>Total</b>	<b>512.2</b>	<b>277.3</b>

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

#### (12) Share capital

The share capital of 26 m EUR is fully issued, entirely paid in and divided into 26.000.000 registered no-par value shares. Each share corresponds to EUR 1.00 of the share capital.

#### (13) Capital reserve

The capital reserves of 1.0 m EUR are tied-up reserves.

#### (14) Retained earnings

The retained earnings consist of the Group's consolidated profit for the year and of the accumulated profits from previous periods. The retained profits also include an amount of 1.6 m EUR which, combined with the tied-up capital reserves of 1.0 m EUR to make 2.6 m EUR, represents the tied-up reserves of 10% of the share capital according to section 229 para 4 Austrian Company Code.

**(15) Revaluation reserve**

The changes in the Fair-value of financial assets available for sale are recognized in the revaluation reserve affecting comprehensive income. For the business year of 2011, these changes amounted to -1.6 m EUR (previous year: 0.8 m EUR).

**(16) Currency translation adjustment**

On consolidation, differences from the translation of foreign subsidiaries at exchange rates prevailing on the balance sheet date are transferred to this position. For the business year of 2011, changes in the currency translation adjustment amount to -2.4 m EUR (previous year: -0.2 m EUR).

**(17) Non-controlling interests**

Non-controlling interests consist of the interests in equity of consolidated subsidiaries held by other shareholders. Non-controlling interests in equity of consolidated subsidiaries primarily concern Alfor SIA, Admiralu Klubs SA, UAB Azarto Technika, Allstar Italiana srl., Crown Gaming S.A.C., Crown Gaming Mexico S.A., Telcos Srl and G.Matica Srl.

**(18) Non-current financial liabilities**

EUR m	12/31/2011	12/31/2010
Bond	348.2	497.6
Bank loans	325.9	242.1
Obligations under finance leases	5.7	9.7
Other long-term financial liabilities	2.3	0.9
<b>Total</b>	<b>682.1</b>	<b>750.3</b>

NOVOMATIC AG issued bonds with the following terms and conditions:

Nominal value	150 EUR m	200 EUR m	150 EUR m
Term	2005 – 2012	2010 – 2015	2010 – 2017
Denomination	EUR 500,-	EUR 500,-	EUR 500,-
Nominal interest rate	3.75 % p.a.	4.50 % p.a.	5.00 % p.a.
Coupon	10/11 every year	01/22 every year	10/27 every year
Redemption	10/11/2012 bullet	01/22/2015 bullet	10/27/2017 bullet
Closing price 12/31/2011	EUR 100.450	EUR 100.168	EUR 96.176
ISIN	AT0000492962	AT0000A0G3Z9	AT0000A0KSM6

The bonds are listed on the second regulated market at the Vienna Stock Exchange.

The bond due in 2012 was reclassified from non-current to current financial liabilities.

The Fair-value of bank loans amounts to 331.2 m EUR (previous year: 246.0 m EUR).

Bank loans with a term of between one and five years amount to 254.0 m EUR (previous year: 196.3 m EUR), and bank loans with a term over five years amount to 71.9 m EUR (previous year: 45.8 m EUR). The weighted average interest rate amounts to 3.91% (previous year: 3.66%).

## (19) Non-current provisions

EUR m	12/31/2011	12/31/2010
Provision for severance payments	8.5	7.7
Provision for pensions	11.1	10.3
Provision for jubilee payments	3.4	3.0
Other long-term provisions	7.8	1.3
<b>Total</b>	<b>30.8</b>	<b>22.3</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 are generated according to actuarial principles for the future liabilities. The amount of the future obligations was calculated according to the regulations of IAS 19 in application of the projected unit credit method at a discount rate of 5% (previous year: 5%) and assuming a pay increase of 3% (previous year: 2.5%-3%). The estimated retirement age refers to the earliest 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 employee's pension fund are recognized as expense.

Expenses for severance payments recognized as personnel cost:

EUR m	12/31/2011	12/31/2010
Current service cost	1.4	0.9
Interest cost	0.4	0.4
Actuarial gains/losses	0.0	0.0
<b>Expense for the year</b>	<b>1.7</b>	<b>1.3</b>

Provision for severance payments shown on the balance sheet:

EUR m	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Balance as of 01/01	7.7	6.5	5.9	5.4	5.0
Current service cost (+)	1.3	0.9	0.6	0.6	0.5
Interest cost (+)	0.4	0.4	0.4	0.3	0.2
Actuarial gains/losses	0.0	0.0	0.0	0.0	-0.1
Payments (-)	-0.8	-0.5	-0.3	-0.4	-0.3
Change in the consolidation scope	0.0	0.4	0.0	0.0	0.0
<b>Balance provision as of 12/31</b>	<b>8.5</b>	<b>7.7</b>	<b>6.5</b>	<b>5.9</b>	<b>5.4</b>
Unrecognized actuarial gains/losses	1.0	1.6	0.9	0.8	0.8
<b>Defined Benefit Obligation at the end of the period</b>	<b>9.5</b>	<b>9.3</b>	<b>7.4</b>	<b>6.7</b>	<b>6.2</b>

## Provision for pensions

Due to individual agreements, some group companies are obligated to accord a pension allowance to the members of the Executive Board and to employees beginning with the date of their retirement. The entitlements depend on years of service and final compensation levels. The provision for pensions is calculated in line with IAS 19 (projected unit credit method) using an interest rate of 5% / 4.97% (previous year: 5% / 4.49%) and taking adjustments of values from 1.5% to 3% (previous year: 1.5% to 3%) into account.

Expenses for pensions recognized as personnel cost:

EUR m	12/31/2011	12/31/2010
Current service cost	0.4	0.3
Interest cost	0.4	0.4
Actuarial gains/losses	0.0	0.0
<b>Expense for the year</b>	<b>0.8</b>	<b>0.7</b>

Provision for pensions shown on the balance sheet:

EUR m	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Balance as of 01/01	10.3	10.0	9.7	9.4	9.0
Current service cost (+)	0.4	0.3	0.3	0.3	0.3
Interest cost (+)	0.4	0.4	0.4	0.4	0.4
Actuarial gains/losses	0.0	0.0	0.0	0.0	0.0
Prior service cost	0.0	0.0	0.0	0.0	0.0
Payments (-)	-0.5	-0.4	-0.3	-0.3	-0.3
Change in the consolidation scope	0.5	0.0	0.0	0.0	0.0
<b>Balance provision as of 12/31</b>	<b>11.1</b>	<b>10.3</b>	<b>10.0</b>	<b>9.7</b>	<b>9.4</b>
Unrecognized actuarial gains/losses	-1.0	-0.2	-1.5	-1.9	-1.3
<b>Defined Benefit Obligation at the end of the period</b>	<b>10.1</b>	<b>10.1</b>	<b>8.5</b>	<b>7.8</b>	<b>8.0</b>

## Provision for jubilee payments

After a long period of 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% (previous year: 5%) and a pay increase of 3% (previous year: 3%). A fluctuation discount based on an internal statistic on the withdrawals of the last 3 years considering the probable individual continuance in the company was taken into account.

Expenses for jubilee payments recognized as personnel cost:

EUR m	12/31/2011	12/31/2010
Current service cost	0.9	0.5
Interest cost	0.1	0.1
Actuarial gains/losses	-0.4	-0.1
<b>Expense for the year</b>	<b>0.6</b>	<b>0.5</b>

Provision for jubilee payments shown on the balance sheet:

EUR m	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Balance as of 01/01	3.0	2.6	2.9	1.3	1.1
Current service cost (+)	0.9	0.5	0.6	1.7	0.4
Interest cost (+)	0.1	0.1	0.1	0.1	0.0
Actuarial gains/losses	-0.4	-0.1	-0.7	-0.1	-0.2
Payments (-)	-0.2	-0.1	-0.2	-0.1	-0.1
Change in the consolidation scope	0.0	0.0	0.0	0.0	0.0
<b>Balance provision as of 12/31</b>	<b>3.4</b>	<b>3.0</b>	<b>2.6</b>	<b>2.9</b>	<b>1.3</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:

EUR m	12/31/2011	12/31/2010
Balance as of 01/01	1.3	2.8
Currency translation adjustments	0.0	0.0
Change in the consolidation scope	7.4	0.0
Consumption	-2.5	-2.0
Disposal	-0.1	0.0
Allocation	1.6	0.5
Unwind of discount	0.1	0.0
<b>Balance provision as of 12/31</b>	<b>7.8</b>	<b>1.3</b>

### (20) Other non-current liabilities

EUR m	12/31/2011	12/31/2010
Deferred income	2.9	4.3
Other non-current liabilities	6.7	13.5
<b>Total</b>	<b>9.6</b>	<b>17.9</b>

### (21) Current financial liabilities

EUR m	12/31/2011	12/31/2010
Bond	150.0	0.0
Short-term financial liabilities	123.4	27.3
Short-term obligations under finance leases	3.8	5.1
Short-term financial liabilities	0.4	0.7
Fair-value valuation of interest rate swaps	4.0	4.2
<b>Total</b>	<b>281.6</b>	<b>37.3</b>

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

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

## (22) Current provisions

EUR m	Unconsumed vacation	Other provisions for personnel	Warranties	Other short-term provisions	Total
Balance as of 12/31/2010	10.5	8.4	4.4	26.3	49.6
Currency translation adjustments	0.0	0.0	0.0	-0.3	-0.3
Change in the consolidation scope	0.4	0.5	0.0	0.5	1.4
Consumption	-4.8	-8.2	0.0	-6.5	-19.6
Disposal	-1.1	-0.1	-1.9	-17.4	-20.6
Allocation	5.9	11.5	0.0	22.5	40.0
<b>Balance as of 12/31/2011</b>	<b>10.9</b>	<b>12.1</b>	<b>2.5</b>	<b>25.1</b>	<b>50.6</b>

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

Other short-term provisions mainly include provisions for an ongoing legal procedure as well as provisions for legal, auditing and consulting costs.

## (23) Trade payables and other liabilities

EUR m	12/31/2011	12/31/2010
Trade payables	47.3	48.3
Payables to non-consolidated affiliated companies	1.4	1.2
Payables to associated companies	0.0	0.0
Down payments received	3.3	3.5
Deferred income	16.1	26.2
Other liabilities from social security obligations	5.4	4.5
Other taxes (except income tax)	60.8	25.0
Other short-term liabilities	61.0	41.0
<b>Total</b>	<b>195.3</b>	<b>149.8</b>

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

The carrying values of trade payables and other liabilities approximate their fair-values.



## Notes to the Consolidated Income Statement

The income statement was prepared applying the total expenditure format.

### (24) Revenues

EUR m	2011	2010
Sale revenues	118.0	144.2
Operation on slot machines	600.3	508.0
Income from rent and management services	472.3	420.3
Betting income	38.0	40.8
eBusiness income	84.3	21.9
Income from food and beverages	20.3	18.5
Other sales	56.6	35.5
Sales reduction	-2.8	-5.5
<b>Total</b>	<b>1,386.8</b>	<b>1,183.7</b>

Due to changes in allocation in 2011, the previous year's values were adjusted accordingly.

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

EUR m	2011	2010
Changes in inventories of finished goods and work in progress	17.4	16.0
Own work capitalized	128.0	164.5
<b>Total</b>	<b>145.4</b>	<b>180.5</b>

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

### (26) Other operating income

EUR m	2011	2010
Income from the disposal of intangible assets and property, plant and equipment	8.3	10.0
Income from reversal of provisions	6.6	4.2
Other operating income	48.6	40.9
<b>Total</b>	<b>63.5</b>	<b>55.2</b>

Other operating income consists mainly of foreign exchange gains, rental income and income from operating expenses, release of value adjustments and settlements of claims.

**(27) Cost of material and other purchased services**

EUR m	2011	2010
Material cost	-212.9	-262.0
Purchased services for production	-3.7	-1.1
<b>Total</b>	<b>-216.7</b>	<b>-263.1</b>

**(28) Personnel costs**

EUR m	2011	2010
Wages and salaries	-247.7	-210.7
Expenses for severance payments	-3.3	-2.5
Expenses for pensions	-1.3	-0.9
Expenses for mandatory social contributions and pay-roll related taxes	-57.1	-48.6
Other social expense	-2.9	-2.0
<b>Total</b>	<b>-312.3</b>	<b>-264.7</b>

The increase 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) Amortization and depreciation**

EUR m	2011	2010
Scheduled depreciation of tangible and amortization of intangible assets	-225.8	-215.3
Impairment	-10.5	-11.0
<b>Total</b>	<b>-236.3</b>	<b>-226.3</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 4.7 m EUR (previous year: 8.3 m EUR), on licenses amounting to 1.9 m EUR (previous year: 1.0 m EUR), on gaming machines amounting to 2.6 m EUR (previous year: 1.6 m EUR) and on other property, plant and equipment and intangible assets amounting to 1.3 m EUR (previous year: 0.1 m EUR) were allowed.

**(30) Gaming taxes and betting fees**

EUR m	2011	2010
Gaming taxes	-115.9	-89.0
Betting fees	-5.3	-5.7
<b>Total</b>	<b>-121.2</b>	<b>-94.7</b>

In the previous year, gaming taxes and betting fees were reported under other taxes, fees and other charges.

**(31) Other operating expenses**

EUR m	2011	2010
Other taxes, fees and other charges	-24.8	-13.1
Maintenance	-21.5	-18.6
Energy	-18.6	-16.3
Telephone, communications	-7.9	-6.8
Rent and lease payments	-65.7	-56.2
Insurance	-4.8	-4.3
Vehicle fleet operation costs	-9.4	-8.0
Legal, audit and consulting costs	-29.8	-18.2
Other services received	-32.9	-34.4
Advertising cost	-70.5	-41.6
Travelling cost	-6.9	-6.0
Development, license and patent cost	-11.1	-11.5
Commissions	-6.3	-6.4
Bad debt and valuation adjustment	-18.4	-19.9
Loss from the disposal of fixed assets	-7.6	-7.7
Other expenses	-118.5	-78.2
<b>Total</b>	<b>-454.6</b>	<b>-347.3</b>

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

EUR m	2011	2010
Dragonara Gaming Ltd.	0.0	-0.3
Novo Sun S.A.	0.5	-4.9
H. Polanz GmbH	-0.2	1.0
Pratergarage Errichtungs- und Betriebsges.m.b.H.	0.0	0.0
SIM Spielbanken Investitions- Management GmbH	0.0	0.0
SIM Spielbanken Investitions- und Beteiligungs- Management GmbH & CO KG	0.2	0.5
Telcos S.R.L.	0.4	0.1
OOO United Gaming Industries	0.0	-0.2
<b>Total</b>	<b>0.8</b>	<b>-3.7</b>

**(33) Financial income**

EUR m	2011	2010
Interest income	3.4	2.7
Income from the disposal of financial assets	0.0	0.0
Income from other investments	0.0	0.0
Fair-value valuation of interest rate swaps	0.5	0.4
Interest from finance lease receivables	3.0	1.1
Other financial income	6.3	8.0
<b>Total</b>	<b>13.3</b>	<b>12.2</b>

**(34) Financial expenses**

EUR m	2011	2010
Interest expenses	-11.8	-9.4
Interest expenses for bond	-22.4	-15.7
Fair-value valuation of interest rate swaps	0.0	-0.8
Interest on obligation under finance lease	-0.3	-0.5
Other financial expenses	-19.1	-6.9
<b>Total</b>	<b>-53.6</b>	<b>-33.4</b>

**(35) Income taxes**

EUR m	2011	2010
Current income tax expenses	-80.6	-56.5
Actual income tax relating to other periods	-1.4	-0.7
Deferred tax income/expense	13.0	-8.4
<b>Total</b>	<b>-69.0</b>	<b>-65.6</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 2011 business year is stated below:

EUR m	2011	2010
<b>Earnings before taxes</b>	<b>215.1</b>	<b>198.2</b>
<b>Computed income tax expense of 25% (previous year: 25%)</b>	<b>-53.8</b>	<b>-49.5</b>
<b>Adjustment of the computed income tax expense</b>		
Differing foreign tax rates	-4.1	-7.6
Effects of non-taxable income	0.0	0.2
Effects of non-deductible expenses	-4.4	-2.1
Effects of tax advantages	2.1	1.7
Actual income tax relating to other periods	-1.3	-0.7
Effects of change in tax rate of deferred taxes	0.0	-1.3
Effects on the real tax expenses of initially not recognized and unused tax-losses carry forward and possible offsets	0.7	1.4
Effects on deferred tax expense of initially not recognized and unused tax-losses carry forward and possible offsets	0.0	1.0
Effects of the reversal of a previous adjustment of a deferred tax asset	0.0	0.0
Effects of unused tax-losses carry forward and possible offsets not recognized as deferred taxes	-6.0	-7.7
Withholding tax	-1.3	-1.2
Other	-1.0	0.3
<b>Effective group income tax expense</b>	<b>-69.0</b>	<b>-65.6</b>
<b>Effective group income tax rate</b>	<b>32.1%</b>	<b>33.1%</b>

Taxes on income comprised in other comprehensive income:

EUR m	2011	2010
Changes from the revaluation of securities classified as available for sale	0.5	-0.3
<b>Deferred taxes</b>	<b>0.5</b>	<b>-0.3</b>

### (36) Result from discontinued operations

The group withdrew from business in the Russian market owing to changes in the regulatory 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 as "loss from discontinued operations."

#### Revenue/Loss from discontinued operations

EUR m	2011	2010
Revenues	0.0	0.0
Other operating income	16.2	0.1
	<b>16.2</b>	<b>0.1</b>
Expenses	-2.1	-1.2
<b>Earnings before taxes</b>	<b>14.1</b>	<b>-1.1</b>
Attributable taxes on income	0.0	0.0
<b>Gain/Loss from discontinued operations</b>	<b>14.2</b>	<b>-1.1</b>

Because of the expiration of the legal claim, provisions for customs duty and turnover tax were retransferred. The reversal of the provision is shown under "other operating income."

#### Cashflow from discontinued operations

EUR m	2011	2010
Cashflow from operating activities	5.7	-0.1
Cashflow from investing activities	0.4	-1.2
Cashflow from financing activities	-5.7	0.0
<b>Total cashflow</b>	<b>0.3</b>	<b>-1.3</b>

### Notes to the Consolidated Cashflow Statement

Cashflow from operating, investing and financing activities is shown separately in the cashflow statement. The consolidated cashflow statement was prepared according to the indirect method. Liquid funds correspond to cash and cash equivalents stated on the balance sheet (note 11).

### Notes to the Segment Reporting

For management purposes, the Group is divided into five business segments. These areas are the basis for the Group's segment reporting.

The segment “sales” includes the production and sale of gaming and entertainment machines. The segment “rental” includes the rental of gaming and entertainment machines. The segment “gaming operations” consists of the operation of casinos and electronic gaming 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 and activities in eBusiness.

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 expenses, income and profits are eliminated on consolidation.

Segment assets mainly consist of intangible assets, tangible assets, inventories, accounts receivable trade and cash balances. Segment liabilities mainly consist of accounts payable trade, provisions and deferred income. During the reconciliation of the segment assets and liabilities, intercompany receivables and liabilities are eliminated as part of the consolidation of debts.

The comparative information of 2010 was adapted commensurate with changes in disclosure in the year 2011.

## Segment revenues

### 2011

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
External revenues	128.6	480.0	627.1	42.7	108.4	0.0	1,386.8
Intra-segment revenues	141.1	45.7	7.2	2.9	38.1	-234.9	0.0
<b>Total revenues</b>	<b>269.7</b>	<b>525.6</b>	<b>634.3</b>	<b>45.6</b>	<b>146.5</b>	<b>-234.9</b>	<b>1,386.8</b>

### 2010

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
External revenues	135.6	447.0	524.7	45.6	30.8	0.0	1,183.7
Intra-segment revenues	182.9	55.9	8.4	3.0	22.8	-273.0	0.0
<b>Total revenues</b>	<b>318.5</b>	<b>502.9</b>	<b>533.1</b>	<b>48.6</b>	<b>53.6</b>	<b>-273.0</b>	<b>1,183.7</b>

## Segment result

## 2011

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
<b>Segment result (EBIT)</b>	<b>9.4</b>	<b>196.1</b>	<b>53.8</b>	<b>-6.8</b>	<b>35.9</b>	<b>-33.7</b>	<b>254.5</b>
Financial result							-39.4
Earnings before taxes							215.1
Income taxes							-69.0
Profit from continuing operations							146.2
Discontinued operations							14.2
<b>Profit after taxes</b>							<b>160.3</b>

## 2010

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
<b>Segment result (EBIT)</b>	<b>24.6</b>	<b>180.2</b>	<b>42.4</b>	<b>-2.5</b>	<b>17.5</b>	<b>-39.1</b>	<b>223.1</b>
Financial result							-24.9
Earnings before taxes							198.2
Income taxes							-65.6
Profit from continuing operations							132.5
Discontinued operations							-1.1
<b>Profit after taxes</b>							<b>131.5</b>



**Segment assets and liabilities**
**2011**

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
Segment assets	252.5	518.0	431.8	15.1	493.4	-271.2	1,439.6
Segment liabilities	52.1	156.8	129.4	7.6	95.4	-161.8	279.5

**2010**

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
Segment assets	319.3	500.4	360.4	18.1	381.9	-288.5	1,291.5
Segment liabilities	58.7	240.6	91.4	7.5	50.6	-223.3	225.6

**Other segment information**
**2011**

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
Depreciation / amortization	-10.1	-143.5	-54.3	-6.5	-22.0	0.0	-236.3
Investments	17.5	159.7	78.0	1.5	35.6	0.0	292.3
Income from associates	0.0	0.0	0.5	0.0	0.4	0.0	0.8
Carrying amount of associated companies	0.0	0.0	83.9	0.0	0.4	0.0	84.4

**2010**

EUR m	Sales	Rental	Gaming operations	Betting	Other	Group adjustments	Total
Depreciation / amortization	-8.5	-149.9	-48.9	-3.2	-15.8	0.0	-226.3
Investments	11.7	247.5	57.1	5.2	26.6	0.0	348.2
Income from associates	0.0	0.0	-3.7	0.0	0.0	0.0	-3.7
Carrying amount of associated companies	0.0	0.0	89.9	0.0	55.0	0.0	144.9

**Geographical segments**

The Group operates in seven geographical regions – Austria, Germany, Italy, Central and Southeast Europe, Latin America and other countries.

The revenues and segment assets of the Group are shown below:

**2011**

EUR m	Austria	Germany	Italy	CEE	SEE	Latin America	Other countries	Total
Segment revenues	325.8	560.7	117.8	101.3	171.4	54.2	55.5	1,386.8
Segment assets	447.1	390.4	312.6	98.1	100.2	52.8	38.4	1,439.6

**2010**

EUR m	Austria	Germany	Italy	CEE	SEE	Latin America	Other countries	Total
Segment revenues	310.5	526.8	22.5	92.0	114.5	64.4	53.0	1,183.7
Segment assets	467.1	432.5	91.4	102.6	110.3	59.6	27.9	1,291.5

## Financial instruments

12/31/2011

Category acc. to IAS 39

EUR m

		Loans and receivables	Assets available for sale	Other financial liabilities	Derivative instruments
<b>Non-current assets</b>					
Intangible assets	248.9				
Property, plant and equipment	765.8				
Investment property	25.9				
Investments in associated companies	84.4				
Non-current financial assets	13.6		9.4		
Deferred tax assets	37.3				
Other non-current assets	98.5	98.5			
<b>Total non-current assets</b>	<b>1,274.4</b>	<b>98.5</b>	<b>9.4</b>	<b>0.0</b>	<b>0.0</b>
<b>Current assets</b>					
Inventories	144.2				
Trade and other receivables	192.3	174.3			
Current tax receivables	30.2				
Current financial assets	22.7	21.1	1.6		
Cash	512.2	512.2			
Assets held for sale	7.7				
<b>Total current assets</b>	<b>909.3</b>	<b>707.7</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Total ASSETS</b>	<b>2,183.7</b>	<b>806.2</b>	<b>11.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Equity</b>					
Share capital	26.0				
Capital reserve	1.0				
Retained earnings	790.9				
Revaluation reserve	-2.2				
Currency translation adjustment	-25.5				
Non-controlling interests	51.4				
<b>Total equity</b>	<b>841.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Non-current liabilities</b>					
Non-current financial liabilities	682.1			682.1	
Non-current provisions	30.8				
Deferred tax liabilities	49.9				
Other non-current liabilities	9.6			6.7	
<b>Total non-current liabilities</b>	<b>772.4</b>	<b>0.0</b>	<b>0.0</b>	<b>688.8</b>	<b>0.0</b>
<b>Current liabilities</b>					
Current financial liabilities	281.6			277.5	4.0
Current provisions	50.6				
Current tax liabilities	42.4				
Trade payables and other liabilities	195.3			179.2	
<b>Total current liabilities</b>	<b>569.8</b>	<b>0.0</b>	<b>0.0</b>	<b>456.7</b>	<b>4.0</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>2,183.7</b>	<b>0.0</b>	<b>0.0</b>	<b>1,145.5</b>	<b>4.0</b>

Classification acc. to IFRS 7

Fair-value

Amortized costs

	Securities	Derivatives	Cash	Trade receivables	Loans	Bank and lease obligations	Trade payables	Bond	Other assets
	9.4								
					10.8				87.7
	9.4	0.0	0.0	0.0	10.8	0.0	0.0	0.0	87.7
				144.6					29.7
	1.6				2.4				18.7
			512.2						
	1.6	0.0	512.2	144.6	2.4	0.0	0.0	0.0	48.4
	11.0	0.0	512.2	144.6	13.2	0.0	0.0	0.0	136.1
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					1.3	331.5		348.2	1.0
									6.7
	0.0	0.0	0.0	0.0	1.3	331.5	0.0	348.2	7.7
		4.0				127.5		150.0	
							48.7		130.5
	0.0	4.0	0.0	0.0	0.0	127.5	48.7	150.0	130.5
	0.0	4.0	0.0	0.0	1.3	459.1	48.7	498.2	138.2

## Financial instruments

12/31/2010

Category acc. to IAS 39

EUR m

		Loans and receivables	Assets available for sale	Other financial liabilities	Derivative instruments
<b>Non-current assets</b>					
Intangible assets	148.8				
Property, plant and equipment	764.6				
Investment property	29.6				
Investments in associated companies	144.9				
Non-current financial assets	11.3		7.9		
Deferred tax assets	31.1				
Other non-current assets	84.4	84.4			
<b>Total non-current assets</b>	<b>1,214.8</b>	<b>84.4</b>	<b>7.9</b>	<b>0.0</b>	<b>0.0</b>
<b>Current assets</b>					
Inventories	160.0				
Trade and other receivables	149.1	131.6			
Current tax receivables	15.4				
Current financial assets	9.0	9.0	0.1		
Cash	277.3	277.3			
Assets held for sale	0.0				
<b>Total current assets</b>	<b>610.9</b>	<b>417.9</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Total ASSETS</b>	<b>1,825.7</b>	<b>502.3</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Equity</b>					
Share capital	26.0				
Capital reserve	1.0				
Retained earnings	693.8				
Revaluation reserve	-0.6				
Currency translation adjustment	-23.1				
Non-controlling interests	40.9				
<b>Total equity</b>	<b>738.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Non-current liabilities</b>					
Non-current financial liabilities	750.3			750.3	
Non-current provisions	22.3				
Deferred tax liabilities	37.7				
Other non-current liabilities	17.9			13.5	
<b>Total non-current liabilities</b>	<b>828.1</b>	<b>0.0</b>	<b>0.0</b>	<b>763.8</b>	<b>0.0</b>
<b>Current liabilities</b>					
Current financial liabilities	37.3			33.1	4.2
Current provisions	49.6				
Current tax liabilities	22.8				
Trade payables and other liabilities	149.8			123.6	
<b>Total current liabilities</b>	<b>259.5</b>	<b>0.0</b>	<b>0.0</b>	<b>156.7</b>	<b>4.2</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>1,825.7</b>	<b>0.0</b>	<b>0.0</b>	<b>920.5</b>	<b>4.2</b>

Fair-value		Classification acc. to IFRS 7							Amortized costs	
Securities	Derivatives	Cash	Trade receivables	Loans	Bank and lease obligations	Trade payables	Bond	Other assets		
7.9										
				8.9				75.5		
7.9	0.0	0.0	0.0	8.9	0.0	0.0	0.0	75.5		
			104.3					27.4		
0.1				1.5				7.4		
		277.3								
0.1	0.0	277.3	104.3	1.5	0.0	0.0	0.0	34.8		
8.0	0.0	277.3	104.3	10.4	0.0	0.0	0.0	110.3		
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
				0.9	251.8		497.6			
								13.5		
0.0	0.0	0.0	0.0	0.9	251.8	0.0	497.6	13.5		
	4.2				33.1					
						49.6		74.0		
0.0	4.2	0.0	0.0	0.0	33.1	49.6	0.0	74.0		
0.0	4.2	0.0	0.0	0.9	284.9	49.6	497.6	87.5		

### Valuation of financial instruments

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, 2011 there were no financial instruments to be classified as step 3 instruments.

EUR m	12/31/2011	12/31/2010	Step 1	Step 2
<b>Assets</b>				
Financial assets available for sale	11.0	8.0	11.0	8.0
<b>Liabilities</b>				
Derivative instruments	4.0	4.2		4.0 4.2

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

EUR m	2011		2010	
	Book value	Fair-value	Book value	Fair-value
<b>Assets</b>				
Trade receivables	144.6	144.6	104.3	104.3
Loans	13.2	13.2	10.4	10.4
Other assets	136.1	136.1	110.3	110.3
<b>Liabilities</b>				
Bond	498.2	495.3	497.6	488.8
Loans	1.3	1.3	0.9	0.9
Bank and lease liabilities	459.1	464.4	284.9	288.8
Trade payables	48.7	48.7	49.6	49.6
Other liabilities	138.2	138.2	87.5	87.5

The market value of bank and lease liabilities was determined by the calculation of the discounted future cashflows 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, trade receivables and trade payables 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:

12/31/2011		Subsequent measurement			Disposal	
EUR m	Allowances	At Fair-value	Other results	Results	Net results	
Loans and receivables	-18.4				-18.4	
Derivative instruments		0.5			0.5	

12/31/2010		Subsequent measurement			Disposal	
EUR m	Allowances	At Fair-value	Other results	Results	Net results	
Loans and receivables	-19.9				-19.9	
Derivative instruments		-0.5			-0.5	

## Capital Risk Management

The purpose of capital risk management is the control of equity and debt capital to ensure the safeguarding of sustained high profitability as well as a solid balance sheet structure. This ensures that all affiliates can operate under the going-concern proposition.

The development of the financial structure is supervised by means of the capital-to-assets ratio and the ratio of net indebtedness to EBITDA. These ratios are examined on a semiannual basis and reported to the executive board, which uses those ratios for further corporate development.

## 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 financial risks relevant for the Group are supported by a treasury management system which is commonly used in the industrial and bank sector, 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 these risks are carried out essentially at the Group's headquarters. 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 own means or through investors) at any time as to fulfill due obligations in time, to have the possibility of obtaining necessary financial means from investors or give aval or similar credits. Furthermore, there is an extensive need for liquid funds in the gaming industry, especially for cash in the Group's gaming establishments. A major part of the stated cash is tied up as cash reserves and base filling of the gaming machines at the various gaming establishments.

Due to the conservative debt management of the Group, liquidity risk is limited. Nevertheless, NOVOMATIC AG puts an additional focus on liquidity risk and its control. Liquidity and financial flexibility at any time is granted through the existent liquid funds and the available financing margin. Based on the results of the Group strategy and Group planning processes, day-to-day liquidity planning is effected, thus offering a current status of the estimated development of the liquidity. Medium and long-term financing needs are determined by the means of this forecast of the expected cashflows.



In order to continue reducing the liquidity risk, NOVOMATIC AG seeks an investor base that is as broad as possible and internationally diversified. Relationships with international banks and financial service providers were intensified in 2011. Additionally, financing from the capital market grew in its importance. In 2011 another multi-tranche promissory note bond with a nominal value of 42 m EUR was issued. Apart from the issuance of this promissory note, no significant new financing was launched in 2011.

To reduce refinancing risk, NOVOMATIC AG placed funds amounting to 150 m EUR in 2011 in order to provide for the redemption of the bond, which is due in October 2012. In keeping with a conservative investment strategy, the Group only used money market investments of banks with an excellent rating in order to minimize the risk of capital loss.

## Counterparty Credit Risk

Counterparty credit risk constitutes the risk of delay or default in payment by 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).

For the purpose of screening all relevant financial risk positions, the limits are under ongoing monitoring. The limit for counterparty credit risk depends on the trade type, while paying due heed to a more balanced distribution of the funds in order to avoid non-diversified risk. If a transaction exceeds the limit, measures are immediately taken to meet the defined target figures.

In the sales business, the Group is exposed to counterparty credit risk as customers might not fulfill 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 maximum risk of default on receivables and loans to business partners is limited to their book value. In the case of other financial assets (means of payment, financial instruments available for sale and other financial instruments), the maximum risk of default is likewise the book value.

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

EUR m	2012	2013-2016	2011	2012-2015
Bond	171.2	248.8	22.1	412.4
Bank loans	130.8	273.6	30.1	218.4
Lease liabilities	3.8	5.7	5.4	9.8
Trade payables	48.7	0.0	49.6	0.0
Derivative financial instruments	4.0	0.0	4.2	0.0
Other payables	137.2	2.3	87.5	0.0

## Market Risk

### a) Interest rate risk

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

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.

A guideline defined by the Executive Board is the basis for all hedge transactions. 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 consolidated financial statements.

The following schedule shows the effect of possible interest rate changes (+/- 50 basis points) on the operating profit based on reasonable judgment. 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.

EUR m	2011		2010	
	+50 basis points	-50 basis points	+50 basis points	-50 basis points
Change in profit before taxes	0.4	-0.4	-1.1	1.1
Change in equity	0.3	-0.3	-0.8	0.8

### 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 cashflows 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 (hereinafter referred to as foreign currency) or in regular business activity.

The development of the exchange risk relevant for NOVOMATIC AG is constantly monitored and collateralized if necessary to minimize this risk. If necessary, these transactions are secured in order to minimize the risk of exchange losses. A first hedge is initially provided through items that are naturally self-contained, for instance trade receivables in USD balanced by liabilities for the purchase of materials in USD. With regard to the exchange rate risks from operational transactions, NOVOMATIC AG is in a USD net payer's position because of the invoiced payments for material in USD. Some of the current need for USD is satisfied via futures.

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

EUR m	2011		2010	
	+10 USD Cent	-10 USD Cent	+10 USD Cent	-10 USD Cent
Change in profit before taxes	1.6	-1.8	5.7	-6.7
Change in equity	1.2	-1.4	4.3	-5.0

Interest-bearing financial liabilities of NOVOMATIC AG are mainly in Euros as of the balance sheet date, for which reason no material exchange risk exists in this respect.

### c) Capital investments

In this area, the risks primarily concern exchange rate and valuation risks related to capital investments. The securities held by NOVOMATIC AG comprise predominantly stocks and bonds traded at the Vienna Stock Exchange that were affected by the global price fluctuations during the period under report.

In June 2009, NOVOMATIC AG invested 1.0 m EUR in participation capital of an Austrian credit institution. The risk consists in the potential failure of yearly interest payments should there be no disburseable profit, as well as of reimbursement of capital at maturity.

In the fiscal year 2011 within the context of M&A activities in Great Britain, a call option for the purchase of non-acquired shares in a company was agreed upon and an option for the buyback of shares in a company in Italy was granted to the seller. Should the latter option be exercised, NOVOMATIC AG will be obligated to sell the shares at the stipulated price. There is the risk that the market value of the shares would be above the stipulated selling price if a new business valuation were to entail higher shareholder value.

Furthermore, contracts for call options on shares in companies in Macedonia and Croatia were concluded as security for loans. There is a risk that at the time the option is exercised, the company's shares would be less valuable than the outstanding receivables.

There were no significant further capital investment-related events in 2011.

### Derivative financial instruments

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

EUR m	12/31/2011		12/31/2010	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap, 2007-2014	30.0	-2.5	30.0	-2.8
Interest rate swap, 2013	1.6	-0.1	2.4	-0.1
Forward Start IRS, 2010-2014	30.0	-1.5	30.0	-1.3
USD futures trading	11.3	1.0	37.2	0.3

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 numbers of employees

The average number of employees evolved as follows:

	12/31/2011	12/31/2010
Salaried employees	3,943	4,253
Workers	7,875	6,291
<b>Total</b>	<b>11,818</b>	<b>10,544</b>

### Group audit fees

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

EUR m	2011	2010
Group audit and audit of financial statements	1.3	0.8
Audit-related services	0.0	0.2
Tax advisory services	0.1	0.0
Other consultancy	0.1	0.0

### Related party transactions

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

EUR m	Associated companies		Management		Other	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Receivables	2.0	2.9	0.0	2.2	0.5	3.9
Liabilities	0.0	0.0	0.0	0.2	5.8	7.2
Revenues	2.4	5.9	0.0	0.0	9.1	12.4
Material cost	0.0	0.0	0.0	0.0	32.2	60.3
Consulting services	0.0	0.0	0.2	0.1	10.0	2.0
Research and development	0.0	0.0	0.0	0.0	3.3	3.0
Other expenses	1.2	1.2	0.0	0.0	2.1	1.8

Transactions with associated companies result from the business-related exchange of goods and services. Associated companies are mentioned within the Scope of Consolidation.

The heading "Management" comprises the Supervisory Board and the Executive Board of NOVOMATIC AG. The business relationships with the management result from consulting services and from the sale of tangible assets. The management's remuneration is disclosed under the heading "Company bodies."

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.

The NOVOMATIC Group has sold real estate to a related company for 12.7 m EUR. Furthermore the Group has bought shares in Spielbank Berlin Gustav Jaenecke GmbH & Co KG and other limited partnerships for 13.8 m EUR from the controlling shareholder as well as shares in OOO United Gaming Industries for a purchase price of 5.0 m EUR from a related company. Because of the premature mutual contract termination between NOVOMATIC group and a company related to the management, compensation for the premature termination in the amount of 8.7 m EUR was stipulated in favor of the related company.

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

**Contingent liabilities**

EUR m	12/31/2011	12/31/2010
Bill commitments	0.3	1.0
Suretyships and guarantees	10.4	24.1
<b>Total</b>	<b>10.7</b>	<b>25.1</b>

The Group granted a payment guarantee against UniCredit Bank Austria AG amounting to 1.0 m EUR (previous year: 1.0 m EUR) for Mega Games Srl. Bozen in favor of Atlantis World Group of Companies N.V. Netherlands as well as against Raiffeisenlandesbank Niederösterreich-Wien AG in favor of Canwast Holding & Consulting GmbH amounting to 3.0 m EUR (previous year: 0.0 m EUR). Payment guarantees were granted against the regulatory authority AAMS amounting to 6.4 m EUR (previous year: 23.1 m EUR) due to the market entry in Italy.

**Subsequent events after date of balance sheet**

The amendment to the Austrian Gaming Act included a new regulatory regime for “low-stakes gaming” on machines. All licenses for the operation of 1,339 slot machines as well as in Upper Austria a casino concession were granted to the affiliated company ADMIRAL Casinos & Entertainment AG.

All ten gaming concessions in Italy (and thus also G. Matica Srl., a NOVOMATIC AG company) were ordered to pay damages (of which G.Matica Srl. was ordered to pay 150 m EUR) in a first-instance ruling in February 2012. This ruling is based on allegations of culpable concession contract infringements relating to the networked accounting system for gaming machines during the period of 2004-2007, and that “public damage” occurred as a result. NOVOMATIC Group holds this compensation claim to be completely unjustified and will appeal against this first-instance ruling.

Furthermore, legal proceedings which have been underway since the beginning of 2012 have seen the NOVOMATIC AG Group confronted with an Italian concession’s lawsuit. The subject matter of this civil legal lawsuit is an alleged contractual infringement (resulting from a supply contract and a service-level agreement), as well as damages and loss of earnings.

**Company bodies****The following members of the Executive Board were appointed for the 2011 business year:**

- Dr. Franz Wohlfahrt (Chairman of the Executive Board)
- KR Dipl. Ing. Ryszard Presch (Deputy Chairman of the Executive Board)
- Mag. Peter Stein (Chief Financial Officer)
- Mag. Thomas Graf (Chief Technological Officer)

**In business year 2011, the Supervisory Board was constituted by the following members:**

- KR Herbert Lugmayr (Chairman of the Supervisory Board)
- Dr. Bernd Oswald (Deputy Chairman of the Supervisory Board)
- Helmut Jell
- Mag. Dr. Karl Pour (since August 2, 2011)
- Dr. Gernot Hain (Deputy Chairman of the Board until April 28, 2011)
- Erich Kirchberger (Deputy Chairman of the Board until August 18, 2011)
- Mag. Karl Schlögl (until April 28, 2011)

The current total remuneration of the members of the Executive Board of NOVOMATIC AG amounted to 2.3 m EUR for the 2011 business year (previous year: 1.4 m EUR). Of the expenses for severance payments and pensions, 0.2 m EUR (previous year: 0.2 m EUR) and 0.3 m EUR (previous year: 0.3 m EUR), respectively, were attributed to the Executive Board. The members of


the Supervisory Board received 0.3 m EUR (previous year: 0.2 m EUR) for their function during business year 2011. No liabilities for loans to members of the Supervisory Board or the Executive Board existed in the business year 2011.

## Publication

The present consolidated financial statements were released on April 11, 2012 by the Executive Board for examination by the Supervisory Board, for submission to the general shareholders' meeting and for subsequent publication.

Gumpoldskirchen, April 11, 2012

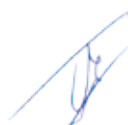
The Executive Board of NOVOMATIC AG:



**Dr. Franz Wohlfahrt**  
CEO



**DI Ryszard Presch**  
Deputy CEO



**Mag. Thomas Graf**  
CTO



**Mag. Peter Stein**  
CFO

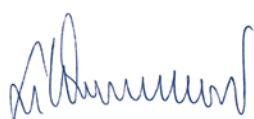
## Statement of the Executive Board

We confirm to the best of our knowledge that the consolidated financial statements as of December 31, 2011 give a true and fair view of the financial position, the financial performance, and the cashflows 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, 2011 gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties which the Group faces.

We confirm to the best of our knowledge that the separate financial statements as of December 31, 2011 give a true and fair view of the financial position, the financial performance and the cashflows of NOVOMATIC AG required by the Austrian Commercial Code, and that the management report of December 31, 2011 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 which the company faces.

Gumpoldskirchen, April 11, 2012


The Executive Board of NOVOMATIC AG



**Dr. Franz Wohlfahrt**  
CEO



**DI Ryszard Presch**  
Deputy CEO



**Mag. Thomas Graf**  
CTO



**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, 2011 to December 31, 2011. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cashflow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2011, 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. 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 in 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 as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

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 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, 2011 and of its financial performance and its cashflows for the fiscal year from January 1, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

### **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 para 2 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 para 2 of the Austrian Commercial Code are appropriate.

Vienna, April 11, 2012

Deloitte Audit Wirtschaftsprüfungs GmbH

**Dr. Michael Heller m.p.**  
Certified Public Accountant

**ppa. Mag. Eveline Schramm 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 consolidated financial statements and our auditor's report may be published or transmitted together only if the consolidated financial statements and the management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.





**Separate  
Financial Statement  
NOVOMATIC AG**

# Balance Sheet of NOVOMATIC AG

as of December 31, 2011

Assets	12/31/2011 EUR	12/31/2010 KEUR
<b>A. Fixed Assets</b>		
<b>I. Intangible assets</b>		
Industrial and similar rights and assets and licenses in such rights and assets	30,767,980.10	25,889
<b>II. Tangible assets</b>		
1. Land, buildings and improvements to third-party buildings	168,553,533.31	179,508
2. Plants and machinery	148,441.79	162
3. Office fixtures, fittings and equipment	2,121,172.87	2,296
4. Tangible assets in course of construction	6,118,703.92	1,827
	<b>176,941,851.89</b>	
<b>III. Financial assets</b>		
1. Shares in affiliated companies	360,764,034.99	253,337
2. Loans to affiliated companies	270,641,195.49	236,382
3. Investments	3,738,607.00	3,739
4. Securities held as fixed assets	8,312,130.20	6,414
5. Other loans	5,417,473.21	4,909
	<b>648,873,440.89</b>	
	<b>856,583,272.88</b>	<b>714,463</b>
<b>B. Current assets</b>		
<b>I. Receivables and other assets</b>		
1. Trade receivables	372,687.55	400
2. Receivables from affiliated companies	92,952,205.11	149,694
3. Receivables from investments in associates	175,000.00	0
4. Other receivables and assets	8,181,797.89	4,521
	<b>101,681,690.55</b>	
<b>II. Cash, bank deposits</b>	<b>195,733,595.65</b>	<b>89,942</b>
	<b>297,415,286.20</b>	<b>244,557</b>
<b>C. Prepaid expenses</b>		
1. Prepaid expenses	2,340,345.96	1,964
2. Deferred tax assets	3,182,092.22	1,911
	<b>5,522,438.18</b>	<b>3,875</b>
	<b>1,159,520,997.26</b>	<b>962,895</b>

	12/31/2011	12/31/2010
	EUR	KEUR
<b>Shareholders' Equity and Liabilities</b>		
<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 (of which retained profits brought forward EUR 106,121,172.25, prior year: KEUR 120,995)	174,382,163.04	161,121
	<b>202,982,163.04</b>	<b>189,721</b>
<b>B. Untaxed reserves</b>		
Valuation reserve from special depreciation allowances	<b>156,013.67</b>	<b>158</b>
<b>C. Provisions</b>		
1. Provision for severance payment	2,449,975.00	1,479
2. Provision for pensions	1,552,144.00	1,282
3. Provision for corporate income tax	3,317,384.50	5,327
4. Other provisions	4,648,617.67	4,517
	<b>11,968,121.17</b>	<b>12,605</b>
<b>D. Liabilities</b>		
1. Bonds	500,000,000.00	500,000
2. Due to banks	424,528,895.25	240,384
3. Trade payables	3,174,754.02	3,034
4. Liabilities to affiliated companies	2,210,806.08	1,256
5. Other liabilities		
a) of which taxes	22,390.43	12
b) of which social security	124,215.85	52
c) others	14,353,637.75	13,444
	<b>14,500,244.03</b>	
	<b>944,414,699.38</b>	<b>758,182</b>
<b>E. Deferred Income</b>		
Deferred income	0.00	2,229
	<b>1,159,520,997.26</b>	<b>962,895</b>
<b>Contingent liabilities</b>	<b>67,618,857.45</b>	<b>32,310</b>

# Profit and Loss Account

for the period from January 1, 2011 to December 31, 2011

	2011 EUR	2010 KEUR
1. Sales	46,593,469.42	39,089
2. Other operating income		
a) Income from the disposal of fixed assets except financial assets	399,918.42	35
b) Income from release of provisions	7,892.90	9
c) Other	841,089.73	2,732
	<b>1,248,901.05</b>	
3. Personnel expenses		
a) Salaries	-5,783,714.84	-3,545
b) Expenses for severance payments and contributions to external severance payments funds	-1,065,008.43	-371
c) Pension expenses	-255,431.93	-350
d) Cost of statutory social security, payroll-related taxes and mandatory contributions	-1,032,518.03	-619
e) Other social expenses	-221,368.16	-99
	<b>-8,358,041.39</b>	
4. Amortisation of intangible assets and depreciation of tangible assets	-18,252,544.08	-15,765
5. Other operating expenses		
a) Taxes not included in line 15	-189,454.56	-207
b) Other	-23,110,868.50	-23,336
	<b>-23,300,323.06</b>	
<b>6. Operating income (subtotal of lines 1 to 5)</b>	<b>-2,068,538.06</b>	<b>-2,427</b>
7. Investment income (thereof from affiliated companies: EUR 90,230,100.00; prior year: KEUR 55,198)	90,701,029.00	55,673
8. Income from other investments and long-term loans (thereof from affiliated companies: EUR 10,508,981.28; prior year: KEUR 6,125)	11,006,222.14	6,574

	2011 EUR	2010 KEUR
9. Other interest and similar income (thereof from affiliated companies: EUR 1,968,578.26; prior year: KEUR 2,143)	3,297,429.08	2,688
10. Gain from disposal of and appreciation to financial assets and securities held as current assets	260,026.22	845
11. Expenses from financial assets and securities held as current assets (thereof depreciation: EUR 6,969,709.29; prior year: KEUR 89) (thereof from affiliated companies: EUR 4,086,934.94; prior year: KEUR 73)	-6,977,629.91	-96
12. Interest and similar expenses (thereof from affiliated companies: EUR 7,099.49; prior year: KEUR 9)	-33,105,190.73	-25,154
<b>13. Financial result</b> (subtotal of lines 7 to 12)	<b>65,181,885.80</b>	<b>40,530</b>
<b>14. Results from ordinary activities</b>	<b>63,113,347.74</b>	<b>38,103</b>
15. Taxes on income (thereof tax apportionment EUR 4,164,196.68; prior year KEUR 4,705)	5,145,471.50	2,027
<b>16. Net income for the year</b>	<b>68,258,819.24</b>	<b>40,130</b>
17. Disposals of untaxed reserves Valuation reserve from special depreciation allowances	18,212.97	15
18. Allocation to untaxed reserves Valuation reserve from special depreciation allowances	-16,041.42	-19
<b>19. Net profit for the year</b>	<b>68,260,990.79</b>	<b>40,126</b>
20. Profits carried forward from previous year	106,121,172.25	120,995
<b>21. Retained profits</b>	<b>174,382,163.04</b>	<b>161,121</b>

# Notes to the financial statements 2011

NOVOMATIC AG

## I. Accounting and Valuation Principles

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 going concern, and was based upon the valuation principles applied with last year's annual accounts, unless changes in the valuation principles 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 in previous periods were considered.

The profit and loss account was prepared according to the total expenditure format. Items of the balance sheet or the profit and loss account showing a zero balance for the current and the previous period were not listed in accordance with section 223 para 7 of the Austrian Commercial 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 in accordance with section 205 para 1 of the Austrian Commercial Code, low-value assets are fiscally completely written off in the year of their acquisition or production.

Receivables and other assets were stated at nominal value less necessary allowances. Overdue receivables were discounted and, for bad debts, a lump sum value adjustment was allowed.

In application of the principle of prudence, all identifiable risks and all liabilities of uncertain amount or origin were considered by setting up provisions according to reasonable commercial judgment.

Liabilities were valued at their redemption amount. 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 to the Balance Sheet

### Assets

#### A. Fixed assets

##### 1. Intangible and tangible assets

Fixed assets are stated at cost of acquisition or production less planned linear depreciation corresponding to the 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 planned linear depreciation corresponding to a useful life of 4–10 years.

Additions of about KEUR 16,151 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 26,589 (previous year: KEUR 21,195).



**1.2. Tangible assets**

The real estate value of undeveloped and built-up land amounts to KEUR 38,147 (previous year: KEUR 45,192).

Other tangible assets are stated at cost of acquisition or production less planned linear depreciation (spread over 25 to 50 years for buildings, 4 to 10 years for movable assets and structural investments). Low-value assets such as factory and office equipment were capitalized through the allocation to a valuation reserve in accordance with section 205 para 1 of the Austrian Commercial Code.

The essential additions of the current year are the acquisition of a property built on non-owned land in Vienna's Prater as well as the modification and completion of a hotel in Baden.

**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.

Impairment of book values of domestic and foreign investments will be applied in case 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 cannot be eliminated anytime soon, and/or
- » losses that can no longer be absorbed by the affiliated company alone.

Impairment will not be applied in case of mere start-up losses.

Additions to the shares in affiliated companies amounting to KEUR 112,035 are mainly due to the capital increases of KEUR 30,000 at an Italian subsidiary and the incorporation of the Austrian ADMIRAL Casinos & Entertainment AG with a capital of KEUR 40,000, as well as to the acquisition of Spielbank Berlin with 4 locations, which accounted for KEUR 14,056. Furthermore, the capital of an affiliated investment company was increased by KEUR 25,250.

For further details concerning the shares in affiliated companies, please refer to point IV.

Loans granted to affiliated companies amount to KEUR 270,641 (previous year: KEUR 236,382). This change concerned subsidiaries with promising growth prospects.

Other loans, with acquisition costs amounting to KEUR 7,037 (previous year: KEUR 5,678), increased by KEUR 1,709 because of the appropriation of funds to a business associate. Accumulated impairment amounting to KEUR 1,619 (previous year: KEUR 769) rose by KEUR 850 due to debtors' lack of earnings prospects.

Of loans granted to affiliated companies, an amount of KEUR 5,268 (previous year: KEUR 5,807) is due within one year.

## B. Current assets

### 1. Receivables and other assets

#### 1.1. Trade receivables

Accounts receivable are stated at nominal value. In case of apparent individual risks, the probable recoverable amount was recognized. Receivables are – as in the previous year – due within one year.

#### 1.2. Receivables from affiliated companies

Receivables from affiliated companies concern particularly allocations in the amount of KEUR 49,304 with the subsidiary Austrian Gaming Industries GmbH and KEUR 37,966 with the subsidiary HTM Hotel und Tourismus Management GmbH. These balances include the distributions of profit declared for 2011 but not yet collected from Austrian Gaming Industries GmbH in the amount of KEUR 62,000 and from HTM Hotel und Tourismus Management GmbH in the amount of KEUR 23,000.

Intercompany receivables are managed on an open item basis with an interest rate of 2.625 percent to 3.125 percent. Interest earnings are included in the financial result. The receivables from affiliated companies include trade receivables in the amount of KEUR 6,811 (previous year: KEUR 3,073). The remaining time to maturity of the receivables – as in the previous year – is less than one year.

#### 1.3. Other receivables and assets

The substantial other receivables and assets amount to KEUR 6,649 (previous year: KEUR 4,521) and concern allocations with tax authorities. Other receivables in the amount of KEUR 85 (previous year: KEUR 89) are due in more than one year.

## C. Prepaid expenses

The prepaid expenses amounting to KEUR 5,522 consist of deferred tax assets, a capitalized discount and expenditures pertaining to the year 2011.

## Shareholders' Equity and liabilities

### A. Shareholders' Equity

The share capital of the Company amounts to KEUR 26,000, as in the previous year.

Capital reserves tied-up amounting to KEUR 976 and legal profit reserves amounting to KEUR 1,624 remained unchanged, whereby the total appropriated reserves – amounting to KEUR 2,600 – correspond to 10 percent of the share capital as required by law.

### B. Untaxed reserves

The valuation reserve concerns low-value assets according to section 13 and a reserve according to section 12 of the Austrian Income Tax Act (EStG). Regarding the development of untaxed reserves, we refer to the enclosed supplement.

### C. Provisions

In compliance with the principle of prudence, all identifiable risks and liabilities of uncertain amount and/or origin at balance sheet date were accounted for by setting up provisions according to reasonable commercial judgment.

The provisions for severance payments were calculated applying actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 5 percent (previous year: 5 percent) and assuming a pay increase of 3 percent. The minimum legal retirement age according to ASVG regulations was assumed. Deductions based on fluctuations or other circumstances were not included.

The expenses for severance payments, at KEUR 950 (previous year: KEUR 356), concern changes in provisions for severance payments.

Due to irrevocable pension commitments, a pension provision was formed. The calculation was conducted applying actuarial principles in accordance with IAS 19 using the projected unit credit method with an interest rate of 5 percent (previous year: 5 percent) and value adjustments of 3 percent. Pension expenses, at KEUR 270 (previous year: KEUR 359), concern the changes in provisions.

Other provisions 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. The provision for jubilee payments was also calculated in line with actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 5 percent (previous year: 5 percent) and assuming a pay increase of 3 percent.

Expenses for the audit of the financial statements are disclosed in the notes to the consolidated financial statements.

The provisions 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 provisions.

The provision for the deferred tax liability amounting to KEUR 3,310 (previous year: KEUR 5,320) results from the allocation of losses from foreign tax group members pursuant to section 9 of the Austrian Corporate Income Tax Act (KStG), which in Austria are taxable retrospectively in case of loss deduction under the foreign tax authority. Due to differing maturities, this deferred tax liability was not netted with the deferred tax assets (which are recognized separately as prepaid expenses).

#### **D. Liabilities**

##### **Maturity**

In KEUR	Total liabilities with maturity of less than 1 year	Total liabilities with maturity of 1 to 5 years	Total liabilities with maturity of over 5 years
Bonds	150,000	200,000	150,000
(previous year)	0	350,000	150,000
Due to banks	106,596	248,571	69,362
(previous year)	7,854	189,790	42,740
Trade payables	3,175	0	0
(previous year)	3,034	0	0
Payables to affiliated companies	1,902	308	0
(previous year)	956	300	0
Other liabilities	14,500	0	0
(previous year)	13,507	0	0

In 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 percent p.a. This bond was issued in order to support further growth in the areas of development, production and gaming operations. In 2010, two new bonds were issued within the framework of an issuance program in order to finance further expansion. The January 2010 bond has a volume of KEUR 200,000, a maturity of 5 years and bears interest of 4.5 percent p.a.; the October 2010 bond amounts to KEUR 150,000, has a maturity of 7 years and bears interest of 5 percent p.a.

Payables to affiliated companies amounting to KEUR 1,701 (previous year: KEUR 692) concern other liabilities. Of the other liabilities, expenses in the amount of KEUR 13,551 (previous year: KEUR 13,260) will be affecting payment only after the balance sheet date.

### E. Contingent liabilities

At balance sheet date, there are contingent liabilities amounting to KEUR 67,619 (previous year: KEUR 32,309); of this sum, an amount of KEUR 60,755 (previous year: KEUR 24,902) 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) Contingent liabilities

Bank	Company in favor	Security	Ceiling in KEUR	As of 12/31/2011 in KEUR
UniCredit Vienna	ADMIRAL Sportwetten GmbH	Comfort letter	3,363	619
BAWAG	ADMIRAL Sportwetten GmbH	Comfort letter	1,000	0
UniCredit Vienna	Austrian Gaming Industries GmbH	Comfort letter	1,526	0
Oberbank	ADMIRAL Sportwetten GmbH	Comfort letter	370	0
		Deficiency guarantee in favor of		
	HTM Hotel und Tourismus Management GmbH	D. Pirker	630	123
		G. Pirker	210	41
Allg. Sparkasse OOE	ADMIRAL Sportwetten GmbH	Comfort letter	1,000	107
Raiffeisenlandesbank NOE-Wien AG	ADMIRAL Sportwetten GmbH	Comfort letter	2,280	406
Raiffeisenlandesbank OOE	ADMIRAL Casinos & Entertainment AG	Comfort letter	600	600
Erste Group Bank AG	ADMIRAL Casinos & Entertainment AG	Guarantee	2,200	2,200
Raiffeisenlandesbank NOE-Wien AG	Canwast Holding & Consulting GmbH	Loan guarantee	3,000	3,000
National Westminster Bank Plc	Astra Games Ltd.	Guarantee	1,786	573
Landesbank Baden-Württemberg	Extra Games Entertainment GmbH	Comfort letter	3,750	948
Sparkasse Kremsthal-Pyhrn	Trust Company 3	Comfort letter	1,700	1,405
UniCredit Wien	Crown Gaming S.A.C.	Guarantee	15,438	15,438
Erste Bank AG	Trust Company 3	Guarantee	2,000	1,994
Hypo Vereinsbank	Novo Immobilien GmbH	Loan guarantee	300	300
UniCredit, Wien / Hypo Vereinsbank	BPA Freizeit-und Unterhaltung Elektr. GmbH	Loan collateral guarantee	4,300	0
UniCredit, Wien / Banco Itau, Chile	San Francisco Investment S.A.	Bank guarantee	3,864	3,864
Banco Popolare Di Milano, Italy	G. Matica	Guarantee	28,000	28,000
Cassa Di Risparmio Di Parma, Italy	G. Matica	Guarantee	8,000	8,000
<b>TOTAL</b>				<b>67,618</b>

#### b) Other transactions not shown on the balance sheet

In 2011 a comfort letter was issued in favor of an Estonian affiliated company.

#### 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	3184	Mödling	3,000

## F. Other financial obligations

Obligations from current lease contracts comprise:

	Due within 1 year in KEUR	Due within 5 years in KEUR
Obligations from current lease contracts	1,009	5,044
(previous year)	959	4,793

## 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 licenses	19,453	12,312
Group charges	7,130	7,239
Provision of personnel	2,602	2,076
Income from rental and operating costs	17,408	17,463
	46,593	39,090

#### 1.2. Geographical areas

	Reporting period in KEUR	Previous year in KEUR
Domestic income	39,753	34,466
Income, third countries (EU)	6,840	4,624
	46,593	39,090

### 2. Taxes on income

Taxes only affect profit or loss from ordinary activities.

NOVOMATIC AG has taken advantage of the opportunity to form a tax group pursuant to section 9 of the Austrian Corporate Income Tax Act (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 percent or 25 percent (tax rate pursuant to section 22 para 1 of the

Austrian Corporate Income Tax Act [KStG]) by the tax group member. For the allocated losses there exists a symmetrical agreement, whereas losses that cannot be allocated are to be credited as “internal tax loss carried forward” at 21.5 percent of the assessment basis if they are usable.

In case of elimination of a member from the tax group, negative – unused – results of the group member will be charged with 21,5 percent of the assessment basis on the final settlement.

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, 2011	1,107
Corporate income tax expense, previous years	
Corporate income tax expense for deferred taxes	-3,281
Foreign withholding tax expense	1,193
Income from tax apportionment “tax group”	-4,164
<b>Total</b>	<b>-5,145</b>

#### IV. Information on Essential Investments

Company, domicile	Share	Book value as of 12/31/11 in EUR	Equity in EUR	Annual result in EUR
Adria Gaming International SpA, Rimini (Italy)	100%	90,200,000	80,272,230	-4,223,647
ADMIRAL Casinos & Entertainment AG (Austria)	100%	40,000,000	37,754,830	-2,245,170
Austrian Gaming Industries GmbH, Gumpoldskirchen (Austria)	100%	164,304,397	611,485,220	70,716,464
HTM Hotel- u. Tourismus Management GmbH, Gumpoldskirchen (Austria)	100%	1,072,607	48,500,745	29,198,882
Trust Company 10	100%	44,025,861	55,330,347	-497,164
NMN Automatentechnik GmbH (Austria)	99%	2,619,219	2,645,676	106,179
NOVOMATIC Forum GmbH (Austria)	100%	111,881	77,558	-3,663
NOVOMATIC Investment Chile S.A., Santiago (Chile)	100%	1,244,879	-2,971,051	-8,968,723
Novo Immobilien GmbH, Bingen/Rhein (Germany)	99.8%	3,000,000	6,766,999	1,376,707
SC Novo Invest Srl (Romania)	0.2207%	129,090		
AS Novoloto, Tallinn (Estonia)	100%	0	1,614,263	913,446
Spielbank Berlin G.Jaenecke GmbH & Co KG (Germany)	92.04%	13,562,000	10,548,523	948,063
Spielbank Berlin Entertainment GmbH & Co KG (Germany)	92.04%	1	-4,673,033	223,983
Spielbank Berlin Service GmbH & Co KG (Germany)	92.50%	34,000	142,922	9,871
Spielbank Berlin nat.Beteiligungsges mbH & Co KG (Germany)	92.04%	460,100	645,337	-20,134
SIM Spielbanken Investitions- und Management GmbH, Frankfurt (Germany)	49%	12,581	64,771	1,875
SIM Spielbanken Investitions-, Beteiligungs- und Management GmbH & Co. KG, Frankfurt (Germany)	49%	3,251,026	7,077,677	350,380
Pratergarage Errichtungs- und Betriebsgesellschaft mbH (Austria)	47.5 %	475,000	924,072	-49,019

Statements concerning intra-Group relationships are omitted in accordance with section 241 para 3 of the Austrian Commercial 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 of October 11, 2012 was concluded in August 2005, in order to hedge this interest level for the entire term of the bond. The effective interest rate of the bond amounts to approximately 4 percent. The present value including interest amounts to minus KEUR 375 as of December 31, 2011.

On April 12, 2007 a further 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 2,471 as of December 31, 2011.

In order to hedge the interest level, another interest rate swap with a nominal value of KEUR 30,000 and a maturity date of May 7, 2014 was concluded on May 6, 2009. Its present value including interest amounts to minus KEUR 1,475 as of December 31, 2011.

The market value corresponds to the amount payable or receivable in case of cancellation of the contract at balance sheet date. 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 Concerning Management Bodies and Employees

### 1.1. Average number of employees during the business year

Number of employees: 49 (previous year: 30)

### 1.2. Members of the Executive Board and the Supervisory Board during the business year

Executive Board	Dr. Franz Wohlfahrt, CEO
	Dipl. Ing. Ryszard Presch, Deputy CEO
	Mag. Peter Stein, CFO
	Mag. Thomas J. Graf, CTO
Supervisory Board	KR Herbert Lugmayr, chairman
	Dr. Gernot Hain, deputy chairman (until April 28, 2011)
	Helmut Jell, member
	Mag. Karl Schlögl, member (until April 28, 2011)
	Dr. Bernd Oswald, deputy chairman (since August 18, 2011)
	Erich Kirchberger, deputy chairman (until August 18, 2011)
	Mag. Dr. Karl Pour, member (since August 02, 2011)

### 1.3. Other information

During the 2011 business year, gross payments in the amount of EUR 2,081,488.50 were made to members of the Executive Board. No advances, loans or liabilities were granted to members of the Executive Board. Payments made to members of the Supervisory Board during the business year amount to EUR 280,550.00.

Expenses for severance payments and pensions for the members of the Executive Board amounted to EUR 931,146.00 and EUR 270,206.00, respectively.

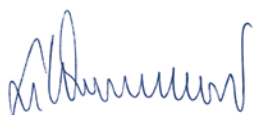
The item "expenses for severance payments and contributions to external severance payment funds" includes payments to external severance payment funds amounting to KEUR 70 (previous year: KEUR 40).

## VII. Special Information on Shareholding Companies

The share capital of EUR 26,000,000.00 is fully paid up and is divided into 26,000,000 registered no-par value shares. The nominal value per share amounts to 1,00 EUR.

Gumpoldskirchen, April 11, 2012

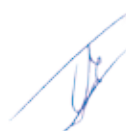
NOVOMATIC AG



**Dr. Franz Wohlfahrt**  
CEO



**DI Ryszard Presch**  
Deputy CEO



**Mag. Thomas Graf**  
CTO



**Mag. Peter Stein**  
CFO



## A. Fixed Assets

	Balance as of 01/01/2011	Additions	Costs Transfers	Disposals	Balance as of 12/31/2011
<b>I. Intangible assets</b>					
1. Industrial and similar rights and assets and licenses in such rights and assets					
Rights	9,428,612.15	116,000.00	0.00	0.00	9,544,612.15
Technical software	54,498,213.58	15,794,254.22	0.00	0.00	70,292,467.80
Software	418,829.57	240,345.62	0.00	0.00	659,175.19
	<b>64,345,655.30</b>	<b>16,150,599.84</b>	<b>0.00</b>	<b>0.00</b>	<b>80,496,255.14</b>
<b>II. Tangible assets</b>					
1. Land, buildings and improvements to third-party buildings					
Land	10,488,440.40	0.00	0.00	5,565,570.00	4,922,870.40
Buildings – real estate value	35,838,541.14	1,659,227.00	0.00	2,556,651.33	34,941,116.81
Buildings – value of building	130,679,585.81	2,319,415.61	3,166,227.52	5,298,605.52	130,866,623.42
Structural investments in leased property	2,787,419.79	0.00	0.00	0.00	2,787,419.79
Buildings on non-owned land	23,778,829.21	1,467,100.00	0.00	0.00	25,245,929.21
	<b>203,572,816.35</b>	<b>5,445,742.61</b>	<b>3,166,227.52</b>	<b>13,420,826.85</b>	<b>198,763,959.63</b>
2. Plant and machinery					
Plant and machinery	212,930.38	0.00	0.00	0.00	212,930.38
Tools and tool costs	21,353.26	0.00	0.00	0.00	21,353.26
	<b>234,283.64</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>234,283.64</b>
3. Fixtures and fittings					
Fixtures and fittings	5,031,736.14	216,004.63	156,230.34	361,183.02	5,042,788.09
Car pool	677,541.32	248,660.00	0.00	11,500.00	914,701.32
Low-value assets	44,857.77	16,041.42	0.00	6,096.45	54,802.74
	<b>5,754,135.23</b>	<b>480,706.05</b>	<b>156,230.34</b>	<b>378,779.47</b>	<b>6,012,292.15</b>
4. Advance payments and tangible assets under construction					
Tangible assets in course of construction	1,826,925.27	8,070,291.08	-3,322,457.86	456,054.57	6,118,703.92
	<b>1,826,925.27</b>	<b>8,070,291.08</b>	<b>-3,322,457.86</b>	<b>456,054.57</b>	<b>6,118,703.92</b>
	<b>211,388,160.49</b>	<b>13,996,739.74</b>	<b>0.00</b>	<b>14,255,660.89</b>	<b>211,129,239.34</b>
<b>III. Financial assets</b>					
1. Shares in affiliated companies	270,854,020.47	112,035,191.00	0.00	4,770,151.09	378,119,060.38
2. Loans to affiliated companies	238,247,049.87	45,624,958.70	0.00	13,230,813.08	270,641,195.49
3. Investments	3,801,598.78	0.00	0.00	0.00	3,801,598.78
4. Securities held as fixed assets	7,693,364.61	3,864,347.33	0.00	0.00	11,557,711.94
5. Other loans	5,678,338.39	1,709,070.07	0.00	350,583.28	7,036,825.18
	<b>526,274,372.12</b>	<b>163,233,567.10</b>	<b>0.00</b>	<b>18,351,547.45</b>	<b>671,156,391.77</b>
<b>Total</b>	<b>802,008,187.91</b>	<b>193,380,906.68</b>	<b>0.00</b>	<b>32,607,208.34</b>	<b>962,781,886.25</b>

Balance as of 01/01/2011	Amortization/Depreciation					Balance as of 12/31/2011	Book values	
	Additions	Transfers	Disposals	Write-ups	Balance as of 12/31/2010		Balance as of 12/31/2011	
4,734,160.75	825,320.14	0.00	0.00	0.00	5,559,480.89	4,694,451.40	3,985,131.26	
33,303,195.74	10,400,365.02	0.00	0.00	0.00	43,703,560.76	21,195,017.84	26,588,907.04	
418,829.57	46,403.82	0.00	0.00	0.00	465,233.39	0.00	193,941.80	
<b>38,456,186.06</b>	<b>11,272,088.98</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>49,728,275.04</b>	<b>25,889,469.24</b>	<b>30,767,980.10</b>	
0.30	0.00	0.00	0.00	0.00	0.30	10,488,440.10	4,922,870.10	
1,134,695.01	582,597.27	0.00	0.13	0.00	1,717,292.15	34,703,846.13	33,223,824.66	
15,710,097.35	4,763,422.10	0.00	300,010.10	0.00	20,173,509.35	114,969,488.46	110,693,114.07	
2,446,398.55	66,761.31	0.00	0.00	0.00	2,513,159.86	341,021.24	274,259.93	
4,773,545.70	1,032,918.96	0.00	0.00	0.00	5,806,464.66	19,005,283.51	19,439,464.55	
<b>24,064,736.91</b>	<b>6,445,699.64</b>	<b>0.00</b>	<b>300,010.23</b>	<b>0.00</b>	<b>30,210,426.32</b>	<b>179,508,079.44</b>	<b>168,553,533.31</b>	
51,284.50	13,204.09	0.00	0.00	0.00	64,488.59	161,645.88	148,441.79	
21,353.26	0.00	0.00	0.00	0.00	21,353.26	0.00	0.00	
<b>72,637.76</b>	<b>13,204.09</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>85,841.85</b>	<b>161,645.88</b>	<b>148,441.79</b>	
3,098,051.56	431,810.47	0.00	82,107.38	0.00	3,447,754.65	1,933,684.58	1,595,033.44	
343,748.32	77,283.33	0.00	0.00	0.00	421,031.65	333,793.00	493,669.67	
15,971.86	12,457.57	0.00	6,096.45	0.00	22,332.98	28,885.91	32,469.76	
<b>3,457,771.74</b>	<b>521,551.37</b>	<b>0.00</b>	<b>88,203.83</b>	<b>0.00</b>	<b>3,891,119.28</b>	<b>2,296,363.49</b>	<b>2,121,172.87</b>	
0.00	0.00	0.00	0.00	0.00	0.00	1,826,925.27	6,118,703.92	
<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>1,826,925.27</b>	<b>6,118,703.92</b>	
<b>27,595,146.41</b>	<b>6,980,455.10</b>	<b>0.00</b>	<b>388,214.06</b>	<b>0.00</b>	<b>34,187,387.45</b>	<b>183,793,014.08</b>	<b>176,941,851.89</b>	
17,517,140.77	4,079,014.32	0.00	4,241,129.70	0.00	17,355,025.39	253,336,879.70	360,764,034.99	
1,865,313.62	0.00	0.00	1,865,313.62	0.00	0.00	236,381,736.25	270,641,195.49	
62,991.78	0.00	0.00	0.00	0.00	62,991.78	3,738,607.00	3,738,607.00	
1,278,967.87	2,040,661.48	0.00	0.00	74,047.61	3,245,581.74	6,414,396.74	8,312,130.20	
769,318.48	850,033.49	0.00	0.00	0.00	1,619,351.97	4,909,019.91	5,417,473.21	
<b>21,493,732.52</b>	<b>6,969,709.29</b>	<b>0.00</b>	<b>6,106,443.32</b>	<b>74,047.61</b>	<b>22,282,950.88</b>	<b>504,780,639.60</b>	<b>648,873,440.89</b>	
<b>87,545,064.99</b>	<b>25,222,253.37</b>	<b>0.00</b>	<b>6,494,657.38</b>	<b>74,047.61</b>	<b>106,198,613.37</b>	<b>714,463,122.92</b>	<b>856,583,272.88</b>	

## Development of Untaxed Reserves

as of December 31, 2011

In EUR	Balance as of 01/01/2011	Consumption	Disposals	Allocation	Balance as of 12/31/2011
<b>Valuation reserve from special depreciation allowances</b>					
Valuation reserve according to § 12 of the Austrian Income Tax Law	129,299.31	0.00	5,755.40	0.00	123,543.91
Valuation reserve for inferior assets according to § 13 of the Austrian Income Tax Law	28,885.91	0.00	12,457.57	16,041.42	32,469.76
<b>Total</b>	<b>158,185.22</b>	<b>0.00</b>	<b>18,212.97</b>	<b>16,041.42</b>	<b>156,013.67</b>

## Provisions

as of December 31, 2011

In EUR	Balance as of 01/01/2011	Consumption	Release	Allocation	Balance as of 12/31/2011
<b>1. Provisions for severance payments</b>					
Provision for severance payments	1,479,341.00	29,522.00	0.00	1,000,156.00	2,449,975.00
<b>2. Provisions for pensions</b>					
Provision for pensions	1,281,938.00	0.00	0.00	270,206.00	1,552,144.00
<b>3. Provisions for taxes</b>					
Provision for corporate income tax	5,326,980.09	2,009,595.59	0.00	0.00	3,317,384.50
<b>4. Other provisions</b>					
Provision for auditing and consulting fees	313,900.00	269,018.90	3,481.10	320,000.00	361,400.00
Provision for unconsumed vacation	322,273.87	322,273.87	0.00	440,504.02	440,504.02
Provision for jubilee payments	52,966.00	0.00	0.00	16,572.00	69,538.00
Other provisions	3,827,651.15	31,200.60	3,796,450.55	3,777,175.65	3,777,175.65
	<b>4,516,791.02</b>	<b>622,493.37</b>	<b>3,799,931.65</b>	<b>4,554,251.67</b>	<b>4,648,617.67</b>
<b>Total</b>	<b>12,605,050.11</b>	<b>2,661,610.96</b>	<b>3,799,931.65</b>	<b>5,824,613.67</b>	<b>11,968,121.17</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, 2011 to December 31, 2011. These financial statements comprise the balance sheet as of December 31, 2011, the income statement for the fiscal year ended December 31, 2011, 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 in 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 did not give 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, 2011 and of its financial performance for the fiscal year from January 1, 2011 to December 31, 2011 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 also has to 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 Commercial Code are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to section 243a para 2 of the Austrian Commercial Code are appropriate.

Vienna, April 11, 2012

Deloitte Audit Wirtschaftsprüfungs GmbH

**Dr. Michael Heller m.p.**  
Certified Public Accountant

**pp. Mag. Eveline Schramm 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 and our auditor's report may be published or transmitted together only if the financial statements and the management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.

# Report of the Supervisory Board of NOVOMATIC AG

for the fiscal year of 2011



In its meetings held during the course of the financial year 2010, 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 the two meetings.

The annual financial statements of 31 December, 2011 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 2011. 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 2011.

Gumpoldskirchen, April 2012

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'Herbert Lugmayr', written in a cursive style.

**Herbert Lugmayr**  
Chairman

# Space for **Notes**





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