



# Interim Financial Report 2009 NOVOMATIC AG

## Key figures of NOVOMATIC AG (Group)

All figures in million EUR (except *)	01 – 06 2009	01 – 06 2008	Change	
Sales revenue	622.7	625.1	-2.4	-0.4%
EBITDA	236.3	244.1	-7.8	-3.2%
Operating profit (EBIT)	133.5	186.4	-52.9	-28.4%
Consolidated profit after taxes	84.2	128.3	-44.1	-34.4%
EBITDA margin (EBITDA/sales)*	37.8%	39.0%		

All figures in million EUR (except *)	June 30, 2009	Dec. 31, 2008	Change	
Total assets	1,472.0	1,376.4	95.6	7.0%
Equity	662.5	625.0	37.5	6.0%
Average number of employees during the year*	10,481	8,865	1,616	18.2%

# Management Report

for the Interim Financial Report 2009  
NOVOMATIC AG, Gumpoldskirchen

## Business activities

Novomatic AG and its subsidiaries ("Novomatic Group") is a global gaming company. Novomatic Group operates numerous gaming establishments (casinos and electronic gaming casinos) and betting outlets worldwide. In addition, Novomatic Group is internationally recognized as a leading developer and manufacturer of innovative gaming equipment and systems. In combination this makes Novomatic Group the largest integrated gaming group in Europe.

## General economic situation

In the first six months of 2009, the overall economic situation in the markets where Novomatic Group conducts business continued to be impacted by the world economic crisis – with the Eastern European countries being particularly affected. Historically, Novomatic Group is actively engaged and has a strong presence in these markets.

In those segments where Novomatic Group is primarily engaged, the gaming industry was affected mainly by a reluctance of gaming operators to make investments and – with regional differences – by lower gaming revenues. This can be attributed to the reduced disposable income of the population in the Group's target markets as well as to more challenging regulatory conditions in individual markets, such as the introduction of smoking bans.

Thanks to the Novomatic Group synergies stemming from the dual strategy as both an operator and a manufacturer the impact of the economic crisis on revenues and results was softened.

## Sales and rental activities

The machine rental business was further expanded during the period under review. Our market share in the important core market of Germany was significantly increased and thus an overall increase in revenues and earnings generated from rental activities was achieved.

Gaming machines sales show the opposite trend. Innovative products from Novomatic continue to be in strong demand in casinos and electronic casinos worldwide, however, the economic crisis has resulted in a noticeable decline in the demand and declining operating results.

## Gaming operations

As in previous years, in the first six months of 2009 Novomatic continued its intensive targeted investment activities with a view to the expansion of gaming operations and with a clear focus on specific countries. In Europe investments have been made in the expansion of operations in prime target markets including Germany, Austria, Italy and South Eastern Europe through organic growth and acquisitions.

In many Eastern European countries there has been a decline in revenues and earnings due to the recession (including the Baltic States) and through more challenging regulatory conditions, such as the introduction of smoking bans. Cost reducing actions have been put in place at gaming operations that are affected by this development. Further aggravating the situation are the closures of the casino and electronic casino market in Russia and in Ukraine during the first half year of 2009.

Nevertheless, Novomatic sees the current economic crisis as an opportunity to further expand its market share and to emerge from the recession stronger and more competitive compared with the overall market.

## **Betting operations**

The network of betting operations in Austria has been expanded in the first six months of 2009 by five outlets, and now comprises 187 betting shops. Since the beginning of this year Novomatic has managed to further strengthen its position as Austria's leading sports betting operator with the largest number of branch establishments. However, as there have been no major sports events in 2009, the results from the bookmaking and sports betting activities lag behind the results of the previous year.

## **Financial performance indicators**

### **Financial situation**

From the current business activities during the first six months of 2009, a cash inflow of EUR 180.2 million was generated throughout the Group, including changes in net working capital.

Cash outflows due to the Group's investment activities amounted to EUR 168.3 million during the first half of 2009, with the most significant item being investment in tangible fixed assets.

The cash inflow from financing activities accounted for EUR 8.7 million in the first half of 2009.

In accordance with the growth strategy adopted by Novomatic, substantial investments in Novomatic operated gaming establishments were made while also gradually further increasing the number of machines operating under rental agreements.

### **Profit situation**

Sales revenues amounted to EUR 622.7 million in the first half of 2009 (first half of 2008: EUR 625.1 million), with EUR 359.2 million coming from sales and rentals, EUR 225.3 million from gaming operations and EUR 95.9 million from betting activities.

The cost of sales amounted to EUR 170.2 million (first half of 2008: EUR 286.9 million). Personnel expenses were EUR 116.4 million in the first half of 2009 (first half of 2008: EUR 100.5 million). Other operating expenses accounted for EUR 190.6 million (first half of 2008: EUR 165.0 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) thus amounted to EUR 236.3 million (first half of 2008: EUR 244.1 million).

Results from ordinary business activities amounted to EUR 129.2 million (first half of 2008: EUR 182.0 million). After the deduction of taxes on income and earnings in the amount of EUR 45.8 million (first half of 2008: EUR 49.9 million) the Group achieved a consolidated operating income of EUR 83.3 million (first half of 2008: EUR 132.1 million) in the first half of 2009.

## **Significant events after the balance sheet date**

After the balance sheet date Novomatic Group has acquired a company in Romania, which lays the groundwork to further expand the Group's position in this important market. In order to advance the expansion in the Italian market, another company was established in the economically important Northern region of Italy.

## **Risk report**

Should the economic crisis deepen further and continue for a longer time than anticipated, it is possible that the gaming and betting operations will suffer stronger impacts. If the recession continues, consumer spending and consequently disposable income and leisure and entertainment budgets will decline and customers will be less ready to make investments in gaming equipment. The development of the economic, tax and legal conditions in the markets where Novomatic conducts business may have a substantial influence on the financial and profit situation of the Novomatic Group.

As far as the sales and rental segment is concerned, the main risks other than the overall economic environment involve possible failure in technological developments. As a result of the wide variety of leisure and entertainment offers available the behaviour of customers is continually changing as a result there is a risk that customer or consumer requirements will not be identified in time or at all. However, Novomatic is making continuous efforts to minimize this risk through its consistent and intensive research and development activities.

With regard to gaming and betting operations, the risk lies in the fact that Novomatic is primarily dependent on obtaining and maintaining privileged gaming and operating licenses. Novomatic counters these risks by strict compliance with legal regulations and the principle of responsibility and integrity in all business transactions.

# Consolidated Balance Sheet

as of June 30, 2009

	Notes	30.06.2009 TEUR	31.12.2008 TEUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		118,840	77,367
Property, plant and equipment	(1)	696,556	650,971
Investments in associated companies		49,156	39,718
Non-current financial assets		12,077	14,092
Deferred tax assets		25,063	24,857
Other non-current assets		12,170	33,028
		<b>913,862</b>	<b>840,033</b>
<b>Current assets</b>			
Inventories	(2)	152,418	138,690
Trade and other receivables	(3)	167,452	174,712
Current tax receivables		10,163	5,429
Current financial assets		20,945	25,136
Cash and cash equivalents		207,174	192,415
		<b>558,152</b>	<b>536,382</b>
<b>Total ASSETS</b>		<b>1,472,014</b>	<b>1,376,415</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital		26,000	26,000
Capital reserves		976	976
Retained earnings		625,335	580,877
Revaluation reserves in accordance with IAS 39		-2,426	-2,425
Currency translation adjustment		-25,839	-18,314
		<b>624,046</b>	<b>587,114</b>
Minority interests		38,492	37,864
		<b>662,538</b>	<b>624,978</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities	(4)	363,834	324,343
Long-term provisions		21,960	21,318
Deferred tax liabilities		15,450	14,188
Other non-current liabilities		12,362	16,483
		<b>413,606</b>	<b>376,332</b>
<b>Current liabilities</b>			
Short-term financial liabilities		133,907	78,451
Short-term provisions		35,055	40,518
Current tax liabilities		62,594	78,536
Trade and other liabilities	(5)	164,314	177,600
		<b>395,870</b>	<b>375,105</b>
<b>Total LIABILITIES AND EQUITY</b>		<b>1,472,014</b>	<b>1,376,415</b>

## Consolidated Income Statement

for the six months to June 30, 2009

	Notes	01 – 06 / 2009 TEUR	01 – 06 / 2008 TEUR
<b>Sales revenue</b>	(6)	<b>622,678</b>	<b>625,076</b>
Changes in inventories of finished goods and work in progress		26,896	58,994
Own work capitalized		32,629	94,242
Other operating income		31,301	18,197
Cost of materials and production-related services purchased		-170,212	-286,879
Personnel expenses		-116,399	-100,518
Amortization of intangible and depreciation of tangible assets		-102,728	-57,675
Other operating expenses		-190,624	-165,040
<b>Operating profit</b>		<b>133,541</b>	<b>186,397</b>
Share of the profit/loss of associated companies		90	0
Financial income		6,190	3,204
Financial expenses		-10,645	-7,589
<b>Financial result</b>		<b>-4,365</b>	<b>-4,385</b>
<b>Profit before taxes</b>		<b>129,176</b>	<b>182,012</b>
Income taxes		-45,839	-49,914
<b>Profit after taxes</b>		<b>83,337</b>	<b>132,098</b>
<b>Thereof attributable to minority interests</b>		<b>-835</b>	<b>3,814</b>
<b>Thereof attributable to equity holders of the parent (net profit for the year)</b>		<b>84,172</b>	<b>128,284</b>

## Consolidated Statement of Comprehensive Income

for the six months to June 30, 2009

	01 – 06 / 2009 TEUR	01 – 06 / 2008 TEUR
<b>Profit after taxes</b>	<b>83,337</b>	<b>132,098</b>
Currency translation - effect of foreign operations	-5,873	-1,016
Unrealised profits (+)/losses (-) from the valuation of available assets for sale	-1	0
<b>Other earnings of the reporting period after taxes</b>	<b>-5,874</b>	<b>-1,016</b>
<b>Total comprehensive income</b>	<b>77,463</b>	<b>131,082</b>
<b>Thereof attributable to minority interests</b>	<b>817</b>	<b>3,430</b>
<b>Thereof attributable to equity holders of the parent</b>	<b>76,646</b>	<b>127,652</b>

## Consolidated Statement of Cash Flow

	Notes	01 – 06 / 2009 TEUR	01 – 06 / 2008 TEUR
Net cash flow from operating activities		180,172	145,958
Net cash flow from investment activities		-168,275	-147,070
Net cash flow from financing activities		8,710	-8,872
Adjustments from currency translations		-5,849	-632
<b>Change in net funds</b>		<b>14,759</b>	<b>-10,616</b>
Net funds at the beginning of the period		192,415	166,891
Net funds at the end of the period		207,174	156,275
<b>Changes in net funds</b>		<b>14,759</b>	<b>-10,616</b>

## Consolidated Statement of Changes in Equity

	Interests of Novomatic AG owners					Minority interests	Equity
	Share capital	Capital reserves	Profit reserves	Revaluation reserves in accordance with IAS 39	Adjustment item for currency translation		
All figures in TEUR							
<b>As of January 1, 2009</b>	<b>26,000</b>	<b>976</b>	<b>580,877</b>	<b>-2,425</b>	<b>-18,314</b>	<b>37,864</b>	<b>624,978</b>
1) Dividends			-40,000			-17,118	-57,118
2) Total comprehensive income			84,172	-1	-7,525	817	77,463
3) Minority interest increases / decreases			286			16,929	17,215
4) Change of scope of consolidation						0	0
<b>As of June 30, 2009</b>	<b>26,000</b>	<b>976</b>	<b>625,335</b>	<b>-2,426</b>	<b>-25,839</b>	<b>38,492</b>	<b>662,538</b>

	Interests of Novomatic AG owners					Minority interests	Equity
	Share capital	Capital reserves	Profit reserves	Revaluation reserves in accordance with IAS 39	Adjustment item for currency translation		
All figures in TEUR							
<b>As of January 1, 2008</b>	<b>26,000</b>	<b>976</b>	<b>377,774</b>	<b>675</b>	<b>-3,809</b>	<b>32,585</b>	<b>434,201</b>
1) Dividends			-30,000			-3,631	-33,631
2) Total comprehensive income			235,987	-3,100	-14,505	6,100	224,482
3) Minority interest increases / decreases			-1,574			2,553	979
4) Change of scope of consolidation			-1,310			257	-1,053
<b>As of December 31, 2008</b>	<b>26,000</b>	<b>976</b>	<b>580,877</b>	<b>-2,425</b>	<b>-18,314</b>	<b>37,864</b>	<b>624,978</b>



## Appendix

for the Interim Financial Report 2009  
NOVOMATIC AG, Gumpoldskirchen

### General

Novomatic AG headquartered at Gumpoldskirchen, Austria is one of the largest integrated gaming groups in the world. With its various divisions, the Novomatic AG Group covers the entire product range of the gaming market as a manufacturer - developing, producing and distributing high-tech gaming equipment and innovative system solutions.

### Mandatory reviewer information

This abridged interim consolidated financial report as well as the interim consolidated management report were neither audited nor submitted to an audit review.

### Underlying policies and methodology

This interim financial report of Novomatic AG and its subsidiaries as at June 30, 2009 was prepared in conformity with the IAS 34 rules for interim financial reporting. The accounting policies and valuation methods employed are in accordance with the rules of the International Financial Reporting Standards (IFRS) as well as of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the application of which has become mandatory throughout the European Union. The revised IAS 1 version of the "Presentation of Financial Statements" has been applied.

The accounting policies used in this interim financial report are the same as those used in the consolidated financial report as at December 31, 2008. There were no changes in the valuation methods used in the report as at December 31, 2008.

For more detailed information regarding the accounting policies and valuation methods employed, please refer to the consolidated financial statement of Novomatic AG as at December 31, 2008.

In the course of the preparation of this financial report, certain estimates and assumptions were made which may have an effect on the amount of assets and liabilities as well as on the amount of revenues and costs within the reporting period. These estimates and assumptions were made using the utmost care and diligence but may differ from the actual situation.

The interim financial report has been prepared in Euros. Except where indicated, the figures shown in the tables and the corresponding notes are quoted in thousand EUR (TEUR).

### Scope of consolidation

The following changes have occurred with respect to the scope of consolidation compared with December 31, 2008:

- INMAR S.L., Spain (100%)
- Adria Gaming Services S.R.L., Italy (100%)
- NMN Automatentechnik GmbH, Austria (100%)
- Amugames SIA, Latvia (60%)
- Favorits SIA, Latvia (60%)
- TIMAX S.R.L., Romania (100%)
- MA Gaming d.o.o.e.l., Macedonia (100%)
- NOVO RS d.o.o., Republika Srpska (100%)

- RSA Gaming d.o.o., Republika Srpska (80%)
- AS Play-In Casino Group, Estonia (100%)
- SC Wettpunkt International S.R.L., Romania (100%)
- Octavian Global Technologies Inc., USA (50.61%)
- Octavian International Ltd., UK (100%)
- Casino Amusement Technology Supplies Ltd., UK (100%)
- Octavian Latin America S.A., Columbia (89.7%)
- Octavian International (Europe) Ltd., UK (100%)
- Octavian International (Latin America) Ltd., UK (100%)
- Octavian Ukraine, Ukraine (100%)
- Octavian SPb, Russian Federation (100%)
- Atlantis Russia Ltd., Russian Federation (100%)
- Argelink S.A., Argentina (100%)
- Octavian Rwanda Ltd., Ruanda (100%)
- Octavian Germany Ltd., UK (51%)
- Octavian Germany GmbH., Germany (51%)
- Punto Italbets S.r.l., Italy(80%)
- Villox Group EOOD, Bulgaria (100%)
- Bonaco EOOD, Bulgaria (100%)
- Bulten EOOD, Bulgaria (100%)
- Sofiten EOOD, Bulgaria (100%)
- Giochi San Marino S.p.a., San Marino (56.10%)

Affiliated companies which are immaterial to the Group's assets, finances, and income situation were not included in the full consolidation scope. However, they were included under the acquisition cost heading in the financial assets section.

As a consequence, the scope of consolidation reflects the following developments:

Scope of consolidation	Full consolidation	At equity valuation
As at December 31, 2008	85	10
Included in the first half for the first time	28	1
Excluded in the first half	-2	-1
Changed valuation in the first half	2	-2
As of June 30, 2009	113	8
of which foreign companies	98	6

## Notes to the interim financial report

### (1) Property, plant and equipment

Tangible asset investments primarily consist of land and buildings amounting to TEUR 13,906 (first half of 2008: TEUR 16,472), investment in technical facilities and machines of TEUR 70,016 (first half of 2008: TEUR 111,997) and manufacturing and operation equipment and fixtures of TEUR 20,523 (first half of 2008: TEUR 16,701). In addition to the construction of a state-of-the-art research and development centre at the Gumpoldskirchen site, major projects involve the further expansion in Central and Eastern European distribution markets.

### (2) Inventories

In TEUR	30.06.2009	31.12.2008
Raw materials and supplies	67,034	56,429
Work in progress	20,944	12,747
Finished goods and trade goods	61,002	58,110
Advance payments	3,438	11,404
<b>Total</b>	<b>152,418</b>	<b>138,690</b>

### (3) Trade and other receivables

In TEUR	30.06.2009	31.12.2008
Trade receivables	122,786	122,605
Unconsolidated receivables from affiliated companies	215	1,778
Receivables from associated companies	3,129	5,591
Prepaid expenses	13,332	14,023
Other current receivables	27,990	30,715
<b>Total</b>	<b>167,452</b>	<b>174,712</b>

### (4) Long-term financial liabilities

In TEUR	30.06.2009	31.12.2008
Bond	154,570	149,332
Bank loans	187,807	156,263
Finance lease liabilities	20,691	18,748
Other long-term financial liabilities	766	0
<b>Total</b>	<b>363,834</b>	<b>324,343</b>

### (5) Trade and other liabilities

In TEUR	30.06.2009	31.12.2008
Trade payables	39,704	50,668
Unconsolidated payables to affiliated companies	956	1,162
Down payments received	2,053	2,394
Deferred income	49,677	61,364
Other short-term liabilities	71,924	62,012
<b>Total</b>	<b>164,314</b>	<b>177,600</b>

### (6) Seasonality of the business

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

## Reports by segment

01– 06 2009:

In TEUR	Sales and rentals	Gaming operations	Betting operations	Other	Group adjustments	Total
Sales revenues by segment	359,179	225,259	95,872	21,535	-79,167	622,678
Operating income by segment (EBIT)	127,147	-7,752	843	2,016	11,287	133,541
Financial result						-4,365
Profit before taxes						129,176
Income tax						-45,839
Profit after taxes						83,337

01– 06 2008:

In TEUR	Sales and rentals	Gaming operations	Betting operations	Other	Group adjustments	Total
Sales revenues by segment	418,758	207,484	97,644	16,276	-115,086	625,076
Operating income by segment (EBIT)	163,743	28,135	3,369	949	-9,799	186,397
Financial result						-4,385
Profit before taxes						182,012
Income tax						-49,914
Profit after taxes						132,098

Due to allocation changes in 2009, the half-year figures for 2008 have been adjusted accordingly.

## **Board of Directors and Supervisory Board of Novomatic AG**

Members of the Board of Directors of Novomatic AG:

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

Members of the Supervisory Board of Novomatic AG:

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

During the first six months of 2009 there were no changes in the composition of the governing bodies of Novomatic AG.

## **Significant events after the interim report date**

No significant events occurred after June 30, 2009 which would materially affect the figures in this interim report.

## **Statement by the Board of Directors**

The Board of Directors of Novomatic AG declares, to the best of their knowledge, that the consolidated interim report prepared in accordance with the International Financial Reporting Standards (IFRS), which must be applied within the European Union (EU), as at June 30, 2009 reflects the company's assets, finances and income situation as truthfully as possible, and that the interim management report as at June 30, 2009 reflects the Group's assets, finances and income situation as truthfully as possible with respect to significant events during the first six months of 2009 and their impact on the abridged consolidated interim report with respect to significant risks and uncertainties in the remaining six months of 2009.

Gumpoldskirchen, 31 August 2009

The Board of Directors of NOVOMATIC AG:

Dr. Franz Wohlfahrt  
Chairman

personally signed

DI Ryszard Presch  
Vice Chairman

personally signed

Mag. Peter Stein  
Chief Financial Officer

personally signed