

Bosnia & Herzegovina

BOSNIA and Herzegovina are ranked next to Macedonia as the poorest republics within the old Yugoslav federation. Following a declaration of independence from Yugoslavia in 1992 after a referendum boycotted by ethnic Serbs, the Bosnia Serbs, supported by Serbia and Montenegro, responded with armed resistance.

After the peace treaty in 1995 Bosnia and Herzegovina then formed a two tier government comprising of Bosniak/Croats and Bosnian Serbs.

A Nato led peacekeeping force was sent to Bosnia to implement and monitor the agreement. The warfare however caused industrial production to plummet by 80 per cent.

A current account deficit and high unemployment are among the two most serious economic problems and the country receives reconstruction assistance.

With a population of 4.5 million the country is bordered by Croatia and Serbia and Montenegro and today the country is a state, which consists of two entities, the Federation of Bosnia and Herzegovina and the Republic of Srpska.

The Republic of Srpska was proclaimed in 1992 as a state entity and concluded in 1995 when the war ended. Today it is a parliamentary republic and is situated in the northern and eastern part of Bosnia and Herzegovina occupying 25,053 sq.km, or 49 per cent of the Bosnia and Herzegovina territory, and has a total of 391,503 inhabitants.

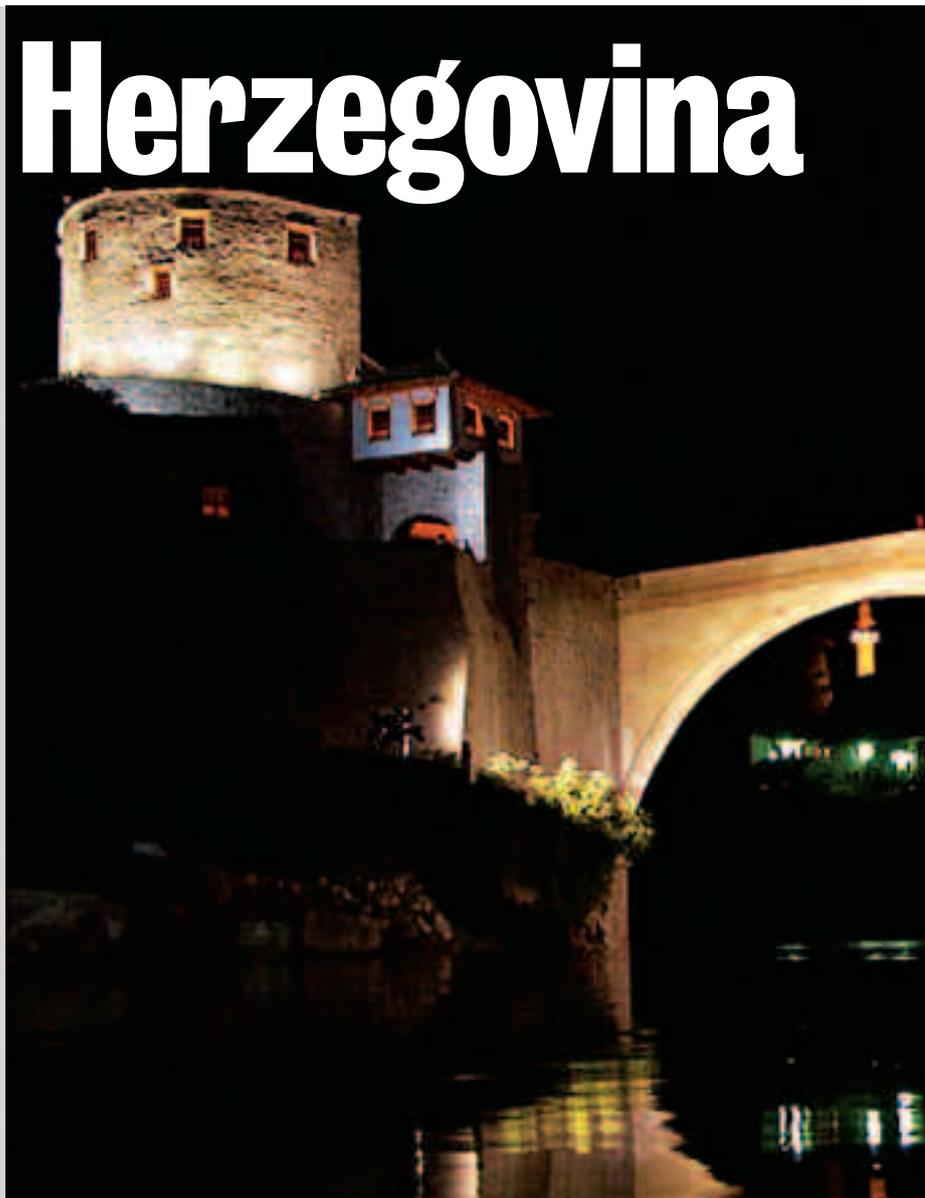
Despite the destruction caused in the 1990s, tourism is beginning to increase once again in Bosnia and 2005 saw 596,685 tourists (of which 351,325 were foreign visitors) come to the region compared to 562,254 the previous year.

In May this year some 34,789 tourists visited which is 21.1 per cent increase in relation to the same month in 2005. Turnover in hotels and restaurants for the first quarter this year has also increased by 6.7 per cent compared to last year.

Meanwhile the law in Bosnia was originally under the old Yugoslavian rules but was updated in 1999 and re-modified in 2002. However in September a new law is due to come into place which although will run along similar lines as the current law will also have Dutch and Czech influences.

The main points of the current law include the following:

- Within the Republic Srpska a concession to open a slot room involves a KM150,000 licence fee
- Operators can open any number of clubs but there must also be a minimum of 100 machines.
- There are no specific regulations for machines but they must have a minimum payout of 75 per cent and be random games.
- In Bosnia and Herzegovina the concession to open a slot room involves a KM200,000 licence fee plus KM20,000 operational fees payable each year.
- Slot rooms must be a minimum of 80sq.m and hold a minimum of 20 machines.
- Slot rooms must then pay 300KM per month per machine plus 10 per cent tax on gaming income.
- Bosnia and Herzegovina casinos do not pay a concession fee but must place a KM1 million holding fee in a specified bank for the duration of the licence.
- There must be a minimum of 20 machines per casino plus a minimum of five Roulette tables, three Blackjack tables and any number of poker tables.



The two regions, Bosnia and Herzegovina and Republic of Srpska are very different and operate under different rules and regulations.

In the Republic of Srpska industry insiders say the majority of machines are copies from older Austrian and Dutch machines and machines can be found in any location from bars to tobacconists to shops and even hairdressing salons. Meanwhile there are around 100 slot clubs in Srpska regions alone although it is estimated that 95 per cent of these are illegally operated with around 15,000 slot machines in the market with machines in bars proving extremely popular. Some 80 per cent of the machines in the market are thought to be copied machines and around 85 per cent are video slots with the remained old style reel games, many of which are over 10 years old. Bosnia is more controlled and regulated with only an estimated 20 per cent of

machines on the market copies. There are hundreds of slot rooms in Bosnia and until recently the law granted licences to a maximum of 27 companies to operate slot clubs. However the new law will now allow up to 50 companies the concession for slot rooms so the number of arcades could soon also increase.

Bosnia's Lottery group, Lutrija BiH operates several games including Loto 6/42, TV Bingo, Toto 13, Joker, Golf Lottery, Express Lottery and Instant Lottery.

The group also operates 10 slot clubs in Bosnia and Herzegovina the majority of which operate video poker games, multiplayer Roulette and also supply their instant lottery games.

The only exception was Casino Klub Sarajevo which offered electronic Roulette and Blackjack and Roulette tables and has since closed down due to an >>



apparent decline in business.

Meanwhile Atronic distributor MSfG is about to install Cash Fever games in the new Fun Games II slot room in Bihac. The club will open in October and will house slot machines and an electronic Roulette and is owned by a German Group.

MSfG's Kresimir Licitar said: "Some of the operators in the bigger towns in Srpska pay the concessions for their clubs and want to run seriously because they see a new law will come and they will clear the market."

Austria's sports betting system provider, CBC-X, is also active in the Bosnian market. The group supplies software and hardware solutions for sports betting systems and distributes betting stations, betting terminals and dog/horse racing stations across Europe.

CBC-X has seen its export ratio increase in 2005 to over 50 per cent and in

addition to Austria, the company also operates in Germany, Bosnia, Croatia and Greece. CBC-X has supplied to a number of partners in Bosnia, including the Bosnian National Lottery.

CBC-X's Jürgen Paierhuber said: "When CBC-X entered the Balkans market at the end of the 1990s, sports betting systems were not really available there, so it is safe to say that we were among the first providers in this particular area."

"We now equip several hundreds of betting stations and branch offices in Croatia and Bosnia and generates several millions of Euros in these markets

"We are very happy to claim that the products which were launched enjoyed an immediate popularity, and in close cooperation with our partners at face, we managed to establish a booming demand for top notch sports betting systems, a demand which we still more than meet.

"Sports betting enjoys great popularity in

both Croatia and Bosnia. CBC-X only supplies accredited organisations and companies and is well-credited for legitimate and reliable business completion and has achieved a great reputation in these very critical and difficult markets."

Another company active in Bosnia is three year old P.A.T. Automati based in Mrkonjic Grad, which supplies machines for companies such as Barcrest and Holland's Pierre de Jonge Automaten. And another company Zvonimir, which often goes under the name of King Roulettes, supplies components, electronics and software for automatic Roulette games to a number of multiplayer Roulette manufacturers including Odrex, Elaut, Unidesa, Franco and Gauselmann.

The company now has production plants in Croatia and in 2002 opened a site in Laktasi in Bosnia which not only provides an additional industrial outlet but also enables the company to bring costs down thanks to an foreign investor tax free threshold.

Zvonimir has its own production programme, King Roulettes, and offers a wide range of components with a monthly production of around 100 automated wheels for 40 worldwide customers. In 2004 the company also released its own monitoring programme, VPM.

The UK's Casino Management software provider, EndX Group, is also active in Bosnia and recently signed an agreement with Gaming Developer to distribute EndX products in Slovenia, Croatia, Serbia and Montenegro, Bosnia and Herzegovina and Italy.

Tim Parker, EndX Business Development Director said: "The signing of this agreement with Gaming Developer reinforces our strong focus on expanding our international client base. With our strong product portfolio of casino management modules, the cost effective multi-media display system EndX MediaLink and recent additions from iView and Counter Solutions, we are now in a strong position to offer international casino operators an extensive range of products.

"We are delighted to be welcoming Gaming Developer as a distributor during this extremely exciting time in the development of EndX and we look forward to working with them even more closely in the future."

Ljubo Benko from Gaming Developer added, "Because of high levels of interest already shown in EndX Intelligence we are confident that sales in our territories will remain strong. We look forward to working closely with EndX to establish more clients in this significant territory in the future."

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**Ljubo Benko,
Gaming Developer.**



>> Complete Bowling has recently set up a joint venture distribution company called CB Consultants with a local finance house in Bosnia to develop bowling centres in this region. And the company has installed its first 10-pin bowling lane in a military base in Sarajevo which is also designed to act as the company's showroom and distributor training ground for further bowling development in this region. CB is also looking at a second installation of a five lane bowling site which is expected to open in late August or September in Zenica. This is via talks with a supermarket operator who is looking to add extra attractions such as bowling and amusement centres in his six locations across Bosnia. The distribution company is also talking with Sega for a possible deal to supply products to this region also. Complete Bowling's Nick Keppe said: "We only entered this region in the middle of

last year and we went in cold. The Balkans business is still sluggish and they rely a great deal on getting foreign investment or partners to work with. Their money is mainly going into infrastructure and rebuilding." Although there are some amusements in the military bases across the Balkans this is in small numbers and Complete Bowling's plan is to now target this area to introduce more bowling and amusements via small centres. As bowling centres become less of an attraction for operators in the UK who now face large rents for their commercial space it appears that the Balkans could be a virgin territory which over the next three to five years could well be ready to introduce more amusements. Growth is expected to be slow however due to lack of government financing and many companies interested in this area maybe forced to fund via their own joint ventures to support the industry.

*** The Bosnia and Herzegovina gaming law is due for revision in the near future. For a copy of this report once published, please contact G3.**

Also on the amusement front, Gamestec recently extended its exclusive contact with The Navy Army and Air-Force Institutes (NAAFI) and continues to supply amusement machines to its leisure sites.

Gamestec already supplies more than 2,000 machines to military sites around the world catering for 13 countries including Bosnia.

CASINO MARKET

Bosnia and Herzegovina's casino market has undergone many changes and has left the industry somewhat confused. Basically although there are venues called Casinos these are merely slot rooms which house slot machines and electronic Roulette, but not live gaming tables. Before the war there were many casinos including Casino Holiday Inn, Casino Stoicevac, Casino Europa, Casino Hamman Bar and Casino Bristol which were all based in Sarajevo. There were others including Ruza and Neretva Casinos in Mostar; Hotel Neum; Hotel Metalurg in Zenica; Hotel Tuzla; Hotel Park in Dobojo; Hotel Park in Bihac; Hotel Galeb in Brcko; Hotel Bosna in Banca Luka; Hotel Adria Ski in Kupres; Hotel Kalin in Bugojno; Hotel Park in Livno; Hotel Prijedor; Hotel Bigeste in Ljubuski; Hotel Citluk; Hotel Grude; Hotel Posusje and Hotel Tomislav in Duvno. And there were possibly even more. However although these casinos operated throughout the war after the war ended the legal operation of casinos was granted only to Lutrija BiH, which at the time had the Casino Club Sarajevo (which has since closed) and also HIT's Colosseum. Apparently other casinos did open for a few months after the war although the authorities later closed them. Some believe there may still be other casinos still operating in small towns.

But today there is really only the one casino, Colosseum Club in Sarajevo which is operated by the Slovenian company HIT.

The casino features 12 gaming tables including six American Roulette, three Blackjack, one Hit Progressive Poker and two Poker (Texas Hold 'em and Omaha Hold 'em). There are also 116 slot machines ranging from video poker, reel slots, electronic Roulette and multigame slots with a minimum bet of €0.01 for the slot machines.

The casino is open from 3pm until 5am and guests pay a KM5 or KM10 (Fridays and Saturday) fee to enter and they then receive free tokens to play the slots.

SARAJEVO

Only one casino in the city of Sarajevo. Colosseum Club which is operated by Slovenian casino operator, HIT casinos, and features 12 gaming tables and 116 slot machines.