

Macedonia

Unlike Croatia, Macedonia gained its independence peacefully from Yugoslavia in 1991 although thanks to Greece's objection to the use of what it considered a Hellenic name, international recognition was delayed.

At the time of its independence, Macedonia was the least developed of the Yugoslavian republics producing only five per cent of the total federal output of goods and services. With no infrastructure and Greece's dispute over the constitutional name and flag, this hindered economic growth until 1995 when Greece lifted a 20 month trade embargo and the two countries resumed relations even though differences over Macedonia's name remain.

GDP rose each year through 2000, however, economic reform and regional integration was hindered by Albania's insurgency in 2001. The economy then shrank again and growth struggled to recover. Unemployment stands at around 38 per cent.

Located in the heart of the Balkan Peninsula, Macedonia borders Serbia and Montenegro in the north, Bulgaria in the east, Greece in the south and Albania in the west.

There are just over two million people in Macedonia, which are predominantly Macedonians (64 per cent) alongside Albanian, Turks and Serbs.

The country recently held parliamentary elections, which were considered crucial for Macedonia's quest to join NATO and the European Union. This was Macedonia's fifth election since the country of two million people gained its independence from Yugoslavia.

Meanwhile tourism is slowly increasing in the country and in 2005 some 509,706 visitors came to the region of which 197,216 were foreign tourists. June 2006 also saw a 4.4 per cent increase in tourists from the same month last year.

The legislation in Macedonia is covered by the Law on Games of Chance and Entertainment Games and covers all games ranging from slots, videos, pinball, sports betting and casinos. It includes the following points:

- Casinos can only be operated in hotels with four or five stars or in independent gaming rooms, which must then provide catering services to the standard of restaurants.
- The casinos must establish a reserve fund amounting to twice the amount of the subsidies per table and maximum profit of slots (but not less than 100,000 euros).
- Casinos must be at least 500sq.m. or not less than 400sq.m. in hotels and have at least 10 tables and at least 20 slots.
- Foreign companies can organize slots in casinos but must invest at least 5m euros during a period of one year and employ at least 250 people.
- Slot machine clubs can be set up in premises of not less than 90sq.m. with at least 15 machines.
- Foreign companies can operate slot clubs in its hotel with four or five stars but must invest at least 500,000 euros and employ a minimum of 10 people.
- The minimum payout of slots is 87 per cent.
- Amusement centres can be set up in premises of at least 20sq.m and must include at least five amusement machines (eg: video games, pinball, darts, table football).
- Amusement machines cannot be sited in catering facilities with an area of less than 50sq.m. but up to five machines are allowed in facilities with over 50sq.m.
- Taxes include a monthly fee of 2,000 euros for a Roulette table in a casino; 1,150 euros for other tables in casinos, 250 euros for a slot machine, 450 euros for multiplayer and

10 euros for amusement machines.

- For non-payout amusement games 50 per cent of the revenue collected (not less than 60m Denar and not more than 120m Denar) from these games will be used to finance associations such as handicapped persons, sports and the Red Cross.

Until the recent Gaming Act the Macedonian lottery monopolised gambling however today this has been opened to private operators in a bid to boost the economy.

The Macedonian Lottery was created back in 1945 although at the time it was the Yugoslavian lottery with a branch in Skopje. The name Lotarija na Makedonija came in 1972 during which time it took over the assets and liabilities of the Yugoslavian lottery.

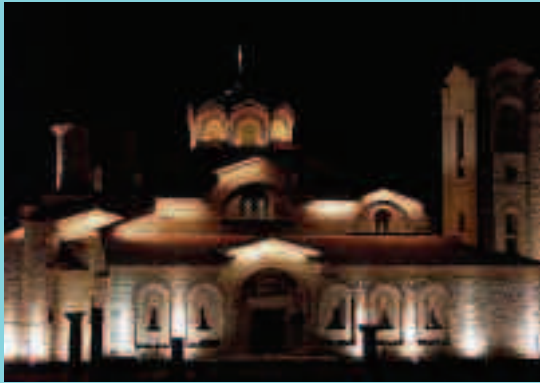
Until 1996/97 the lottery was a state run monopoly with the management team

comprising of representatives from parliament and political parties with the Red Cross benefiting from any incomes. However in 1997 the lottery was privatised and since then the money collected by the lottery goes to the budget which then allocates the funds with today go to social programs, sports, charity programs and health groups.

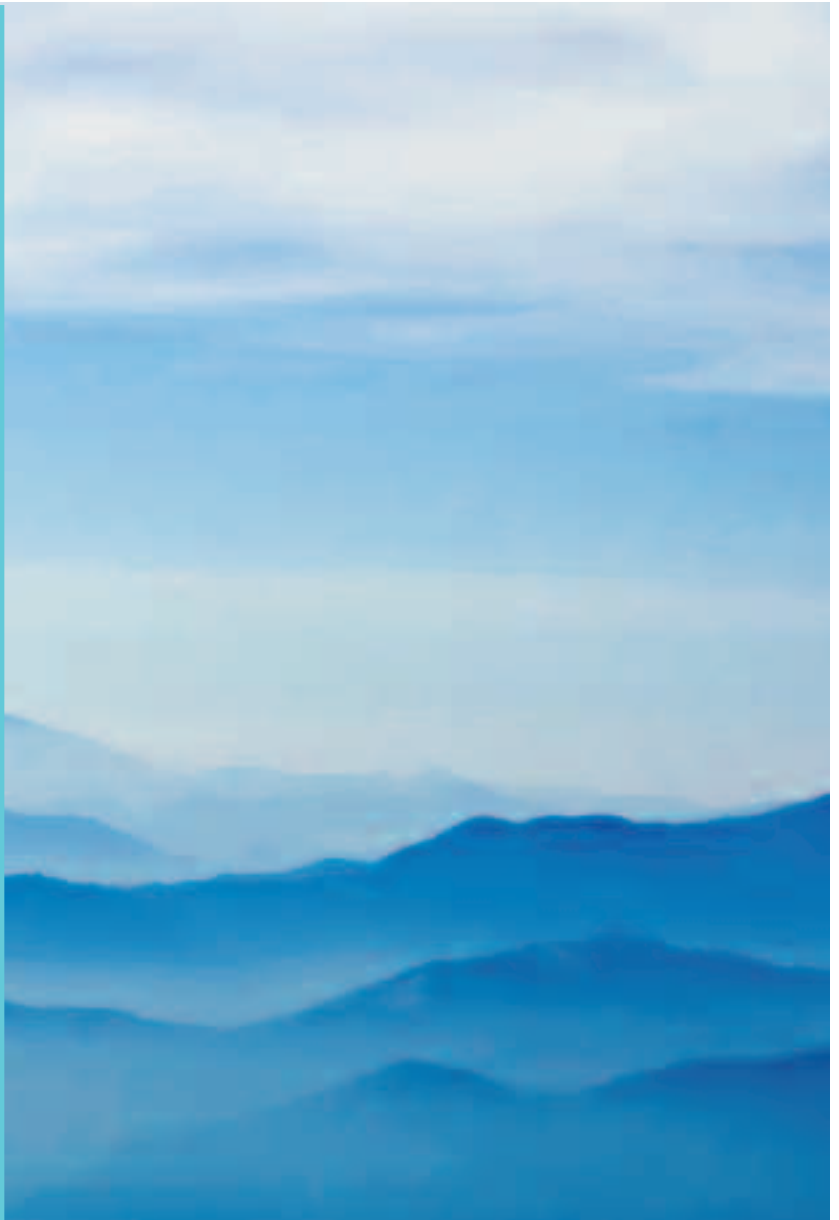
However with the end of the monopoly and the arrival of private lottery organisers and operators some feel this has left such a small market open to illegal operations.

Today the Macedonian lottery operates around 20 slot rooms has 300 employees and 130 of its own shops all over Macedonia and 200-300 contractors. Meanwhile Apollonia Casino is about to open its own slot casino at a truck terminal on the Greek border in Gevgelija. The slot casino will house 23 slots mainly Atronic and IGT games.





In 1995, Greece lifted a 20-month trade embargo and the two countries agreed to normalise relations, although differences over Macedonia's name remain. The undetermined status of neighbouring Kosovo, implementation of the Framework Agreement - which ended the 2001 ethnic Albanian armed insurgency - and a weak economy continue to be challenges for Macedonia. The collapse of Yugoslavia ended transfer payments from the central government and eliminated advantages from inclusion in a de facto free trade area. An absence of infrastructure, UN sanctions on the downsized Yugoslavia, one of its largest markets, and a Greek economic embargo over a dispute about the country's constitutional name and flag hindered economic growth until 1996. GDP subsequently rose each year through 2000. However, the leadership's commitment to economic reform, free trade, and regional integration was undermined by the ethnic Albanian insurgency of 2001. The economy shrank 4.5 per cent because of decreased trade, intermittent border closures, increased deficit spending on security needs, and investor uncertainty. Growth barely recovered in 2002 to 0.9 per cent, then rose by 3.4 in 2003, 4.1 in 2004, and 3.7 in 2005. Macedonia has maintained macroeconomic stability with low inflation, but it has lagged the region in attracting foreign investment and job growth has been anemic. Macedonia has an extensive grey market, estimated to be more than 20 per cent of GDP, that falls outside official statistics.



CASINO MARKET

There are now seven permanent casinos in five cities in Macedonia including two modern casinos in Gevgelija (Apollonia and the new FlaminGO), two in Dojran and one in Bitola which all aim to appeal to Greek customers. The two smaller casinos in Skopje attract mainly local or local visitor player base. A third casino here closed down recently.

The Macedonia casinos along the Greek border rely heavily on their neighbouring visitors, in fact they often only encourage Greek players rather than locals. Apollonia Casino is only three kilometres from the Greek border and nearby Thessaloniki, with a population of one million, is a key target area. The casino says 99 per cent of its customer base are Greeks.

The Macedonian casinos provide several perks to entice the players over the border including free transport, food, drinks and

even accommodation.

Plus with lenient inspections on new machines this also enables newer games to enter the market far quicker than in Greek casinos. Many Macedonian casinos have machines six months in advance of their Greek neighbours.

Although there is a gaming law in place new slots are merely bought, logged and installed with no testing procedures. Apollonia's Janne Rantala said: "We appeal to Greek players because we give lots of freebies plus we are a little bit more updated with our games. We have the latest models installed much faster than the Greeks."

Atronic launched its Cash Fever into the Macedonian market late last year following an installation at Casino Apollonia.

A bank of e-motion machines featuring Cash Fever were initially installed and due to its location, Greek visitors have

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**Janne Rantala,
Apollonia Casino.**

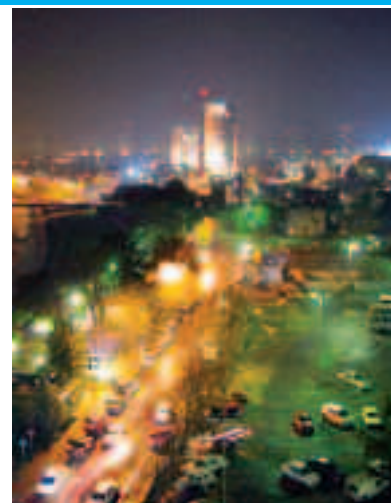
been able to experience the game. Casino Apollonia Slot Manager, Janne Rantala said: "Since the installation of the Cash Fever bank the machines have been performing extremely well and are very popular with our players. The top level jackpot has already hit on numerous occasions."

IGT has also been active in Macedonia. IGT's Ali Civile said: "Macedonia has recently shown some emphasis on competing for the Greek market and that has led to some increased purchases. Casinos on the border have upgraded their floors and introduced some IGT MLPs and other videos."

Casino Technology has also been expanding its business within the Balkans particularly in Macedonia, Serbia and Montenegro and Albania.

The company began with products and games in Serbia back in 2003, and now provides 24 hour technical





>> service and support via its Service Centre in Belgrade.

In July 2004 Casino Technology installed 10 slot machines in the Casino Sheraton in Tirana, Albania and since then sales have risen consistently and during the last 10 months there were more than 100 gaming machines installed.

Casino Technology's Sales and Marketing Director, Sonya Nikolova said: "The biggest client for Casino Technology in Albania is Rozafa which operates both live casinos and gaming clubs. In Autumn 2005 we installed seven multi-level Jackpot systems 'Quatro Cash Mania - Alchemic Joy' in the Rozafa Palace Casino."

Meanwhile Casino Technology entered the Macedonian market in 2004 and 2005 with 88 slot machines installed at the Casino Atlantic in Dojran together with four progressive and mystery Jackpot systems and an eight-seat Casino King automatic Roulette system. The group has also installed 40 slot machines in locations run by the Ritzio Group.

Casino Technology's Steve Surch said: "In 2006 Atlantic Casino increased the game mix by installing the newest dual monitor video slots together with the first games of the Gemini range of games with two Quatro Cash Mania four level jackpot systems.

"The HIT casino group has given high evaluation of our products and in the beginning of 2006 put 20 Dual Monitor slot machines with one Quatro Cash Jackpot system 'Alchemy Joy' and two Jackpot system Minilink Progressives in their newly opened casino in Dojran."

MACEDONIA'S CASINOS PER REGION

BITOLA

Bitola with over 90,000 citizens is the second largest city in Republic of Macedonia and is only 15km from the Greek border. There is one casino called Le Grand Casino at the Hotel Epinal. This has 15 gaming machines and 10 tables including American Roulette, Blackjack, Let it Ride, Money Wheel and Poker.

DOJRAN

There are two casinos in Dojran. Casino HIT Dojran in Hotel Mlaz has 11 gaming machines plus 14 tables including Baccarat, Blackjack and Roulette. The casino is not owned by HIT although the group is one of the investors. It is just over 4,000 sq.ft in size and the hotel has 100 rooms. Also in Dojran is the Casino Atlantic. Both of these casinos are on the Greek border and cater mainly to Greek players.

GEVGELIJA

Two casinos in Gevelija a town again on the Greek border. Hotel Casino Apollonia was the first casino to open in Macedonia in 1984 and is just three kilometres from the Greek border. The casino has 100 slots of which 70 per cent are from IGT and the remaining from Atronic, plus one multiplayer Roulette. There are also 12 Roulette tables, six Blackjack tables and two Caribbean Poker.

Also in Gevgelija is the new Casino FlaminGO Hotel which is located just 77 km from Thessaloniki. The casino opened last year and houses 24 tables including 14 American Roulette tables, 10 Blackjack

* For a full copy of the Macedonian Games of Chance Law contact G3

Country: Republic of Macedonia
 Capital: Skopje
 Population: 2,050,554 (July 2006 est.)
 Median age: 34.1 years
 Male: 33.2 years
 Female: 35.1 years (2006 est.)
 Ethnic groups: Macedonian 64.2%, Albanian 25.2%, Turkish 3.9%, Roma 2.7%, Serb 1.8%, other 2.2%
 Religions: Macedonian Orthodox 64.7%, other Christian 0.37%, Muslim 33.3%, other and unspecified 1.63%
 Languages: Serbian (official nationwide); Romanian, Hungarian, Slovak, Ukrainian, and Croatian (all official in Vojvodina); Albanian (official in Kosovo)
 Government type: parliamentary democracy
 Chief of State: President Branko Crvenkovski (since 12 May 2004)
 Head of Government: Prime Minister Vlado Buckovski
 Cabinet: Council of Ministers elected by the majority vote of all the deputies in the Assembly
 Elections: last held 5 July 2006 (next to be held by July 2010)
 Uprising Day, 2 August (1903); also known as Saint Elijah's Day and Iinden

and Stud Poker tables. There are more than 200 slots and five electronic Roulettes with 50 stations. The resort also has a buffet restaurant and 60 room five star hotel, auditorium and fitness centre.

OHRID

Hotel and Casino Metropol is a seasonal casino and is 2,200 sq.ft and has six gaming tables - Blackjack and Roulette. The hotel has 175 rooms.

SKOPJE

There are two small casinos in Skopje which cater primarily to the local players. Le Grand Casino at the Holiday Inn Hotel which has 15 slots, three poker tables and 11 other table games and Viva Casino Continental hotel. This has 20 slots and 12 table games.