INTRALOT group

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

INTRALOT

CONTENTS OF ANNUAL FINANCIAL STATEMENTS

INTRALOT

Report of the Board of Directors of the INTRALOT Group
to the Annual General Assembly of the Shareholders for the fiscal year
01/01/2005 – 31/12/2005

Dear shareholders,

Year 2005 was very important for the INTRALOT Group since its global expansion continued successfully through the strong growth of its subsidiary companies. Specifically, international subsidiaries' revenues more than doubled compared to 2004 and were shaped at €356.4 mil. Moreover, total international revenues (including the Company's international sales) were €390.9 mil., contributing 74.7% to consolidated group sales.

The Group's performance in the major countries that it is present is analytically described below:

In Turkey the Company's subsidiary INTELTEK that manages the fixed odds Betting game had revenues in excess of €800 mil. in 2005, the first full financial year of the game's operation. The game is available through 4.000 agencies in the country, a number that will increase substantially in 2006 and 2007. In addition, the company's increased participation in its subsidiary from 25% to 45% is expected to substantially increase the profits of its shareholders.

The Bulgarian subsidiary Eurofootball, that owns the operating license of the fixed odds Betting game in the country, for a third consecutive year demonstrated strong growth rates. From the end of 2002, the year that Eurofootball was acquired by the Company's subsidiary Bilot, the revenues of the game have more than quadrupled, proving the know how and the ability of INTRALOT to operate and handle games successfully. In the last two years a significant improvement of the quality of the sales network took place. The number of the agencies reached 490 at the end of 2005 and further expansion will take place in 2006.

In Romania, the subsidiary Lotrom, in cooperation with the National Lottery Organization CNLR, continued the successful installment and operation of the video-lottery terminals, which at the end of 2005 were about 3,000, 1,000 more than in 2004. It is worth mentioning that although the number of terminals increased, the net revenue per terminal per day remains constant or slightly increased, proving the success of the game in the market. The following years the number of video-lottery terminals is expected to increase. The fixed-odds betting game, that Lotrom offers in the country, is continuously increasing and in 2006 is expected to become an important source of revenues for the Group. Finally, the operation of CNLR's lottery, by INTRALOT, continues successfully, contributing to the Group's profitability.

In Malta, the subsidiary company MALTCO, in the first full year of the National Lottery accomplished a growth of about 50%. The success is due to the introduction of fixed-odds betting at the end of 2004 and KINO in the second quarter of 2005. The impressive growth rates in Malta are very important, given that the gaming market in the country was already mature at the time that INTRALOT was granted the license for the exclusive operation of all lottery games in the country.

In Poland, in 2005 the Group concluded the acquisition of a betting company with a sales network in the country. The Poland betting market is an early growth stage with significant future potential.

In Peru, the subsidiary INTRALOT de Peru, after the completion of the reorganization and operational integration of Tektron - the company that the Group acquired in 2004 – is planning for 2006 its further expansion in the local lottery market with the introduction of new games.

In Chile, the subsidiary INTRALOT de Chile increased its revenues by almost 50% as a result of the success of both the fixed-odds Betting game and the instant lottery that manages in cooperation with the National Lottery Organization of Chile, Polla Chilena.

The subsidiary in US, INTRALOT USA, accomplished high growth rates of sales regarding the Nebraska Lottery, a very important achievement for the mature US lottery market. The success of the Company in Nebraska and the continuing efforts of the Group to expand in the US, led INTRALOT to win a second project in US, in the state of Montana.

Concluding the revision of the most important contracts of the Company internationally, we refer to the signing of the first sale agreement of a gaming system in Africa (Nigeria), the beginning of the operation of the fixed-odds betting games in Colombia at the end of 2005 (pilot stage of operation) and the beginning of the management and operation of lotto in Moscow in the same period.

Concerning domestic operations, the agreement with OPAP in June 2005 for the upgrade of Stihima (introduction of new types of betting, increase of the payout, etc.) reversed the negative performance of the game in the first semester of the year (-31.9%) to +14.9% in the second semester, ending up 10.8% lower in 2005.

Year 2006 is expected to be a prominent year for the Group's performance because of the Football World Cup that will take place during the summer in Germany and is expected to attract the interest of the fixed-odds betting players, a game that the Group operates or manages in 13 countries. Moreover the Group's subsidiaries are expected to continue their expansion by increasing their sales network, introducing new games and continuously improving their sales and games' promotion policies. Finally, the new projects in countries like Colombia, Egypt and New Zealand that started operations recently or they are about to start, as well as the new projects that are mentioned in the report of the BoD of the Company, are expected to add significant value to the Group and the shareholders of the Company in the years to come.

Finally, I would like to thank, on behalf of the members of the Board of Directors of INTRALOT, the Management and its personnel for the good performance and the shareholders for their trust in the Company.

Maroussi, 21/3/06

With honor,

The Vice President of the
Board of Directors and CEO

C.G. Antonopoulos

INTRALOT

Report of the Board of Directors of the Company
to the Annual General Assembly of the Shareholders for the fiscal year
01/01/2005 – 31/12/2005

Dear Shareholders,

Year 2005 was very important for INTRALOT as the Company continued successfully its global expansion with strong growth in countries where it already has presence like Turkey, Bulgaria, Romania, Malta, and with new agreements expanded, among others, in two new continents: Africa and Oceania. After these developments, the company has a presence in five Continents, with subsidiaries and business offices in 33 countries.

Indicative of the growth of the Company is the fact that in 2005, 74.7% of the consolidated sales came from international businesses, compared to 62.7% in 2004 and only 6.5% in 2002, since the Company's investments in subsidiaries yielded high returns to its shareholders. Moreover, the strategic alliance with Ladbrokes, the assumption of new projects, the acquisition of a betting company in Poland and the significant increase of its participation in its Turkish subsidiary in 2005, strengthened further its international presence.

Particularly, in January 2005 the Company announced a strategic alliance with the British gaming company Ladbrokes[1], in order for both parties to cooperate globally on important projects concerning State Lottery privatizations, to participate in tenders issued by state and private lotteries, etc.

In April 2005, the Company signed two fixed-odds betting agreements: one with the Lottery Organization of FYROM and another with the Football Federation of Peru. Moreover, in the same month INTRALOT signed an agreement for the supply of an

[1] For more information regarding the Company's new projects, the shareholders can visit the site of the Athens Exchange where they can find the respective new releases.

integrated on-line system to the Lagos State Lottery in Nigeria, marking the beginning of the Company's expansion in Africa.

In May 2005, the Company signed an important agreement with the Department of Internal Affairs of New Zealand for the provision and operation of an integrated on-line system that will monitor more than 20.000 video-lottery terminals.

In June 2005, the Company, through its subsidiary Betting Company SA, signed an agreement with OPAP concerning a number of measures for the upgrade and improvement of the content, the terms and the infrastructure of the sports betting game "Stihima", as well as the overall technological upgrade of the Organization's central systems. In addition, part of the agreement was the supply of 2.000 new terminals free of charge, that will help to decongest the agent sales network. The measures proved efficient since the game's slowdown in the first six months (-32%) reversed in the second semester (+15%), ending up the year with a decrease of 11%, while in the first months of 2006 the game exhibits robust rates of growth.

In July 2005, the Company announced the acquisition of a betting company in Poland, in accordance with INTRALOT's strategy of acquiring companies that are in the early growth stages and possess gaming operation licenses and/or significant sales networks in the countries they operate. During the same month, the Company signed an agreement with the Egypt Posts concerning the development of a modern national network for the provision of value added services and games organization.

In August 2005, the Company signed an agreement with the Israel National Lottery, Mifal Hapayis, regarding the supply and maintenance of a new interactive system based on INTRALOT's new platform B-ON for alternative channels (Internet, i-TV and interactive voice interface).

In October 2005, the Company signed its second contract in the demanding US market with the State Lottery Organization of Montana for the supply and implementation of a system that combines the management of numerical and instant lottery games.

Finally, in November 2005 the Company announced the important agreement for the increase of its participation in its subsidiary INTELTEK, which manages the Betting game in Turkey, to 45%.

Capital Structure

Following the approval of the Repeat Annual General Assembly of the shareholders on 04/05/2005 and taking advantage of the low interest rates, the Company during 2005, in accordance with the decision of the Assembly for the capability of obtaining bond loans up to € 30 mil., signed an agreement for the issuance of a € 15 mil. common bond loan. In the beginning of 2006 the bank debt of the Company increased by € 68 mil., in order to finance the acquisition of its additional participation in the Turkish subsidiary. In this way, the Company's weighted average cost of capital - WACC - improved noticeably, increasing substantially the return to its shareholders.

The share

In the period 01.01.2005 – 31.12.2005, the Company's share price increased by 64.5%. Moreover, for the fiscal year 2005, the Company will distribute to its shareholders a total dividend per share of €0.55 (€0.23 interim dividend and €0.32 remaining dividend for FY 2005). If we include in the calculation the dividend yield of 6.1%, the total return to shareholders was shaped at 70.6% in 2005. The strong increase of the share price continued in the beginning of 2006, posting an additional 34.5% increase in the first two months of the year. Finally, in June 2005, after the approval of the Repeat AGM, the Company distributed a stock bonus issue (issuance of one new bonus share for each existing one) in order to improve the share's trading volume following the significant increase of its price at that time.

Growth prospects – The international gaming sector and INTRALOT

There are two main trends in the gaming sector: the first is the increasing tendency of National Lotteries to seek for high added value partners, like INTRALOT, to manage their lottery games (outsourcing to value added suppliers) or to grant operating licenses (licensing). Countries that they have already issued requests for proposals for the exclusive operating license of Lotto type games are Russia, UK, South Africa, and Turkey is expected to follow. The second trend is the concentration of the sector through mergers and acquisitions: the examples of the US-based GTECH acquisition from the Italian Lottomatica and the acquisition of the systems division of Swedish Essnet from the US-based Scientific Games were the most important recent agreements, in order for companies to cope with the sector's increasing demands.

INTRALOT is the only company globally that provides a full range of lottery services, constituting a one-stop-shop for National Lotteries since it owns systems and software for the operation of the games, it offers high value added services like risk management for betting games and it has the experience and the know-how in order to undertake the full operation of lottery games in various countries through licenses. Moreover, the new platform of distribution and management of lottery games through alternative channels (Internet, mobile, interactive TV) B-ON and the new generation games GameWare that embody entertainment in the lottery games, strengthens the competitiveness of the Company. Together with the established strategic alliances of the Company, we believe that INTRALOT is very well placed in the sector to continue to compete with success given the future challenges of the global gaming market.

Finally, I would like to thank, on behalf of the members of the Board of Directors of INTRALOT, the Management and its personnel for the good performance and the shareholders for their trust in the Company.

Maroussi, 21/3/06

With honor,

The Vice President of the
Board of Directors and CEO

C.G. Antonopoulos

ENGLISH TRANSLATION FROM THE GREEK ORIGINAL

INDEPENDENT AUDITOR'S REPORT
To the shareholders of " INTRALOT S.A.
INTEGRATED LOTTERY SYSTEMS AND SERVICES "

We have audited the accompanying financial statements as well as the consolidated financial statements of " INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES " as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards , which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement . An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group as of December 31, 2005 and the results of its operations and those of the Group and their cash flows and changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' report is consistent with the aforementioned financial statements.

Without having any suspension to the conclusion of the auditor's report:

(a) We draw attention to note 8 to the financial statements that the tax obligations of the Company and its subsidiaries have not been audited by the tax authorities for certain years and therefore have not been conclusively decided for these years. The outcome of a tax audit can not presently be determined so no provisions have been made .

b) Also it is noted that the financial statements (consolidated and simple ones) as at December 31, 2004 have been restated and show differences in relation to the ones that have been published during the interim periods of the financial year 2005 as well as in relation to the preliminary financial statements as at December 31, 2004 that were drawn up by the group. The impact of the adjustments on the Net Equity , on period results as well as on individual figures is analyzed in the Financial Statements Note 31 and 32.

Athens, April 12, 2006

SOTIRIOS FILOS
A.M. ICA (GR) 12471
S.O.L. S.A.

INCOME STATEMENT FOR THE YEAR 1/1/2005 – 31/12/2005

	Notes	GROUP €'000	COMPANY €'000
Turnover		522.964	123.707
Less: Cost of Sales		(296.762)	(44.109)
Gross Profit		**226.202**	**79.598**
Other Income		2.384	826
Selling expenses		(30.579)	(5.056)
Administrative costs		(36.575)	(11.401)
Research and Development costs		(4.023)	(4.075)
Other operating expenses		(15.193)	
Operating Profit		**142.216**	**59.892**
Interest and similar charges		(3.946)	(711)
Interest and related income	**29**	7.833	13.003
Exchange differences	**29**	4.387	2.998
Operating Profit before Tax		**150.491**	**75.182**
Current Income Tax	**8**		
Deferred Income Tax	**8**	(47.862)	(22.300)
Net Profit		1.499	(1.094)
		104.128	**51.788**
Attributable to:			
Equity holders of the parent		69.889	51.788
Minority interest		34.239	-
		104.128	**51.788**
Earnings per Share (In Euros)			
- basic and diluted	**9**	**0,90**	**0,67**
Weighted average number of shares	**9**	**77,604.619**	**77,604.619**

BALANCE SHEET AS AT 31 December 2005	**Notes**	**GROUP €'000**	**COMPANY €'000**
ASSETS			
Non Current Assets			
Tangible fixed assets	**11**	71.126	25.015
Intangibles	**12**	46.976	20.184
Investment in subsidiaries and associates	**13**	4.811	39.942
Other financial assets	**15**	4.000	1.036
Deferred Tax asset	**8**	16.162	3.025
Other long term receivables	**16**	13.487	1.057
		156.562	**90.259**
Current Assets			
Inventories	**17**	13.307	10.901
Trade and other short term receivables	**18**	98.088	90.266
Cash and cash equivalents	**19**	157.327	21.398
		268.721	**122.565**
TOTAL ASSETS		**425.283**	**212.824**
EQUITY AND LIABILITIES			
Share Capital	**20**	28.974	28.974
Share premium	**20**	14.518	14.516
Treasury shares	**20**	856	856
Other reserves	**20**	16.819	14.428
Foreign currency translation		(280)	-
Retained earnings	**20**	93.480	60.848
		154.366	**119.622**
Minority interest	**20**	46.873	-
Total equity		**201.239**	**119.622**
Non Current Liabilities			
Long term loans	**21**	36.389	5.000
Staff retirement indemnities	**22**	1.097	573
Deferred Tax liabilities	**8**	980	-
Other long term liabilities	**24**	9.437	2
Finance lease obligation		58	-
		47.961	**5.575**
Current Liabilities			
Trade and other short term liabilities	**25**	105.176	68.805
Short term debt and current portion of long term debt	**26**	21.097	10.000
Current income taxes payable		26.129	8.822
Short-term provision		23.680	-
Total Current Liabilities		**176.082**	**87.627**
TOTAL LIABILITIES		**224.044**	**93.202**
TOTAL EQUITY AND LIABILITIES		**425.283**	**212.824**

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2005.

Group	Share Capital	Shareholders Deposits	Share Premium	Tresury Shares	Legal Reserve	Other Reserves	Retained Earnings	Total	Minority Interest	Total
	€'	€'	€'	€'	€'	€'	€	€'	€'	€'
Balances as at 1/1/2005	**14.334.609**	**774.254**	**28.173.700**	**-766.628**	**4.852.000**	**8.792.058**	**59.891.000**	**116.050.992**	**16.228.699**	**132.279.692**
Adjustments on the opening balances							-1.077.476	**-1.077.476**	-503.845	**-1.581.321**
Equity method Consol. entity							2.657.298	**2.657.298**		**2.657.298**
New Consolidated Entities						10.683	1.213.196	**1.223.879**	8.495.240	**9.719.119**
Subsidiary Share Capital Increase								**0**		**0**
Period's Results							69.888.537	**69.888.537**	34.239.229	**104.127.766**
Valuation of assets available for sale						-132.685		**-132.685**		**-132.685**
Valuation of Derivatives						24.058		**24.058**		**24.058**
Share Capital Increase from Share premium and Share holders deposits of 2004	14.432.215	-774.254	-13.657.961					**0**		**0**
Share holders deposits of 2005		207.240						**207.240**		**207.240**
Dividends							-38.388.252	**-38.388.252**	-10.873.852	**-49.262.104**
Transfer to reserves					2.674.527	775.739	-3.450.266	**0**		**0**
Sale of own shares				1.622.856				**1.622.856**		**1.622.856**
Translation differences			2.050			-457.879	2.675.689	**2.219.860**	642.395	**1.577.465**
Balances as at 31/12/05	**28.766.823**	**207.240**	**14.517.789**	**856.228**	**7.526.527**	**9.011.973**	**93.409.726**	**154.296.307**	**48.227.866**	**201.239.384**

INTRALOT	Share Capital €′	Shareholders Deposits €	Share Premium €′	Tresury Shares €′	Legal Reserve €′	Other Reserves €′	Retained Earnings €′	Total €′
Balances as at 1/1/2005	**14.334.608**	**774.254**	**28.173.700**	**-766.628**	**4.800.000**	**6.484.717**	**57.838.221**	**111.638.872**
Adjustments on the opening balances							-7.138.127	**-7.138.127**
Period's Results							51.787.949	**51.787.949**
Valuation of assets available for sale						-132.685		**-132.685**
Valuation of Derivatives						24.058		**24.058**
Share Capital Increase from Share premium and other reserves	14.432.215	-774.254	-13.657.961					**0**
Share holders Deposits		207.240						**207.240**
Dividends							-38.388.252	**-38.388.252**
Transfer to reserves					2.644.071	608.055	-3.252.126	**0**
Sale of own shares				1.622.856				**1.622.856**
Translation differences								**0**
Balances as at 31/12/05	**28.766.823**	**207.240**	**14.515.739**	**856.228**	**7.444.071**	**6.984.145**	**60.847.666**	**119.621.911**

STATEMENT OF CASH FLOWS For the year ended 31 December 2004	Notes	GROUP €'000	COMPANY €'000
Cash flows from operating activities			
Operating profit before tax		**150.491**	**75.182**
Adjustment for items not involving cash inflows/outflows:			
(Income from utilization of)/ expense for creation of provisions			
Provisions		18.919	190
Depreciation and amortization	**6**	17.794	5.737
Unrealized exchange losses		604	-
Net result from investing activities		357	(420)
Loss from sale / write off of assets		104	-
Interest income		(7.834)	(13.003)
Interest expense		3.945	711
Cash flows from operating activities before changes in Working Capital		**184.380**	**68.397**
Increase in inventories		(5.542)	(5.677)
Increase in trade and other short term receivables		(59.103)	(38.914)
Increase in trade and other short term liabilities		(30.208)	5.345
Interest paid		(4.150)	(711)
Income taxes paid		(35.681)	(24.804)
Cash inflows from operating activities		**49.697**	**3.636**
Cash flows from investing activities			
Purchases of intangibles	**12**	(2.457)	(1.938)
Purchases of tangible assets	**11**	(20.316)	(11.293)
Purchases of investments		(3.181)	(395)
Proceeds from sales of assets		45	
Interest received		7.807	13.003
Cash outflows from investing activities		**(18.101)**	**(623)**
Cash flows from financing activities			
Proceeds from share capital increase		209	207
Repayment of leasing obligations		(1.877)	-
Sale of own share		1.623	1.623
Cash Inflows from loans		28.353	15.000
Loan repayments		(7.195)	-
Dividends paid to parent company shareholders		(38.318)	(38.318)
Proceeds from L-T assets		13.285	13.286
Dividends paid to minority interest shareholders		(10.944)	-
Cash outflows from financing activities		**(14.863)**	**(8.202)**
Net decrease in Cash and Cash equivalents		**16.735**	**(5.190)**
Cash and Cash equivalents at beginning of year		**135.261**	**26.586**
Exchange difference on translation of cash and cash equivalents	**19**	**5.331**	**-**
Cash and Cash equivalents at end of year		**157.326**	**21.398**

1. General information

INTRALOT S.A. – 'Integrated Lottery Systems and Gaming Services', with the distinct title «INTRALOT» is a business entity that was established based on the Laws of Hellenic Republic and whose shares are traded in the Athens Stock Exchange. Reference to «INTRALOT» or the «Company» includes INTRALOT S.A. whereas reference to the «Group» includes INTRALOT S.A. and its fully consolidated subsidiaries, unless otherwise stated. The Company was established in 1992 and has its registered office in Marousi of Attica.

The main activities of the Group are described in Note 4.

2. Basis of preparation of the Financial Statements

Basis of preparation of the Financial Statements

The attached financial statements have been prepared on the historical cost basis, except for the available-for-sale financial assets that have been measured at fair value and under the assumption that the Company and the Group would continue as a going concern. The attached financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Statement of compliance

The attached financial statements of INTRALOT and of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). As stated below, the attached financial statements have been prepared in accordance with IFRS for the first time, by applying IFRS 1 "First-time Adoption of International Financial Reporting Standards" with transition date January 1, 2004.

Regulatory Financial Statements

INTRALOT and its Greek subsidiaries maintain their accounting books and records and prepare their financial statements in accordance with Greek Corporate Law 2190/1920, the Greek Unified Chart of Accounts and tax regulations. INTRALOT's foreign subsidiaries maintain their accounting books and records and prepare their financial statements in accordance with applicable laws and regulations in their respective countries. For the purposes of the consolidated financial statements, the financial statements of the foreign subsidiaries are adjusted in relation to the requirements of Greek Corporate Law 2190/1920. The attached financial statements are based on the above mentioned financial statements as adjusted with off book adjustments to bring them in compliance with International Financial Reporting Standards (IFRS).

The basic off book adjustments that were applied on the Balance Sheet as at 1 January 2004, 31 December 2004 and on the Income Statement for the year ended 31 December 2004 in order to be adjusted in accordance with IFRS, and the main differences are described in Appendices I and II.

First Time Adoption of International Financial Reporting Standards

Based on European Law 1606/2002 and Greek Law 3229/04 (as amended by Law 3301/04) Greek entities that are listed on any Stock Exchange (Greek or foreign) are obliged to prepare their regulatory financial statements for accounting periods beginning on or after 1 January 2005, in accordance with IFRS. In accordance with IFRS 1 and the above mentioned Greek legislation, the entities referred to above, are obliged to present comparative financial statements in accordance with IFRS for at least one accounting period (31 December 2004).

Therefore, the majority of entities that adopt IFRS for the first time as described above, will have financial statements as of 31 December 2005 and transition date the 1st January 2004. The Company prepared and published its first financial statements in accordance with IFRS with a reporting date 31 December 2005 within the regulatory timeframe. INTRALOT elected to prepare and publish separately financial statements for the year ended 31 December 2004 in accordance with IFRS (without comparatives), which will form the basis for comparatives in the first full financial statements in accordance with IFRS.

The Company applied IFRS 1 «First time adoption of IFRS» in the preparation of the accompanying financial statements. Based on the related provisions of IFRS 1, the following exemptions were adopted:

- INTRALOT elected not to apply IFRS 3 «Business combinations» retroactively, for business combinations that occurred before the transition date of 1st January 2004. Therefore, and based on IFRS 1 relating to prior business combinations, the Group:

  (i) Maintained the same classification as in its previous financial statements based on Greek Accounting Standards(GAS),

  (ii) Recognized all assets and liabilities at the date of transition to IFRS, which were acquired or assumed in past business combinations except for:

    - Some financial assets and financial liabilities derecognized under on previous GAS, and
    - Assets, including Goodwill and Liabilities that based on previous GAS had not been recognized in the consolidated balance sheet of the Company, and which also would not qualify for recognition under IFRS in the separate balance sheet of the acquired company.

  (iii) Excluded from the opening IFRS balance sheet, any item that was recognized based on the previous GAS that does not meet the recognition criteria as an asset or liability based on IFRS.

- As regards the provision for staff retirement indemnities, the cumulative actuarial losses and gains, were recognized at the date of transition to IFRS, whereas for the actuarial losses and gains that occurred during 2004 and later the «corridor approach» is adopted. This exemption was used for all related programs that existed at the transition date.

- The cumulative translation differences that arise from the translation at closing rates of the balance sheets of the foreign subsidiaries were considered to be zero at the date of transition to IFRS (they were subsumed in the balance of Retained earnings) and the profit or loss from any subsequent sale of a foreign subsidiary will not include any translation differences that arose before the date of transition to IFRS, and will include any subsequent translation differences.

- The Company's estimates at the date of transition to IFRS were consistent with those that were made at the same date based on previous GAS (after any adjustments to reflect differences in the accounting principles).

- Assets and liabilities of certain foreign subsidiaries that had adopted IFRS before the parent company, have been included in the accompanying consolidated financial statements with the same carrying amounts as those presented in their individual IFRS financial statements, after taking into account the consolidation and equity accounting adjustments.

Effect of recently issued international financial reporting standards (IAS and IFRS) and Interpretations (SIC, IFRIC)

On December 17, 2003, revisions to IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" were issued. The revised IAS 39 must be applied for annual periods beginning on or after January 1, 2005. Earlier application is permitted only if the revised IAS 32 is also early applied.

On December 18, 2003, revisions were issued to:
- IAS 1 "Presentation of Financial Statements,"
- IAS 2 "Inventories,"
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors,"
- IAS 10 "Events after the Balance Sheet Date,"
- IAS 16 "Property, Plant and Equipment,"
- IAS 17 "Leases,"
- IAS 21 "The Effects of Changes in Foreign Exchange Rates,
- IAS 24 "Related Party Disclosures,"
- IAS 27 "Consolidated and Separate Financial Statements,"
- IAS 28 "Investments in Associates,"
- IAS 31 "Interests in Joint Ventures,"
- IAS 33 "Earnings per Share," and

- IAS 40 "Investment Property."

The effective date for all revised standards is January 1, 2005 although earlier application is encouraged. The revised standards also replace a number of interpretations that have been withdrawn.

IFRS 2 "Share-based Payment" (also replacing certain disclosure requirements in IAS 19 "Employee Benefits") was issued on February 19, 2004. IFRS 2 is effective for annual periods beginning on or after January 1, 2005. Earlier application is encouraged. On March 31, 2004, IFRS 3 "Business Combinations" (superseding IAS 22 "Business Combinations"), IFRS 4 "Insurance Contracts" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations") (superseding IAS 35 "Discontinuing Operations") were issued. Revisions to IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets", in both cases related to IFRS 3, were also published on March 31, 2004.

IFRS 3 is applied to all business combinations for which the agreement date is on or after 31 March 2004. Special transitional rules apply to the earlier recognized Goodwill, negative Goodwill, intangibles and investments that are equity accounted for. IFRS 5 must be applied to all periods commencing on or after 1 January 2005. Earlier adoption is allowed provided that the necessary information for the application of the Standard, were taken into consideration at the time the business combination were initially recognized. The revised IAS 36 and 38 must be adopted for annual periods commencing on or after 31 March 2004 (date of adoption of IFRS 3 for the Goodwill and Intangibles acquired through a business combination).

Based on the related provisions of IFRS 1, in the preparation of the first financial statements in accordance with IFRS, an entity must apply the IFRS in force at the reporting date of the first financial statements, for all periods presented as well as the transition balance sheet. Consequently, as the date for the first full IFRS financial statements is the 31st December 2005, all revised and new Standards referred to above which apply to the Group, have been used in the preparation of the accompanying IFRS financial statements.

Approval of the Financial Statements

The Board of Directors of INTRALOT SA approved the accompanying provisional IFRS financial statements for the company and the Group for the year ended 31 December 2004, on 6 June 2005.

The Board of Directors of INTRALOT SA approved the accompanying annual IFRS financial statements for the company and the Group for the year ended 31 December 2005, on 21 March 2006.

After notification of the capital market committee on 24/3/20076 that was issued after publication of the Company's Financial Statements, amendments were made on some figures of the Financial Statements in accordance with the recommendations of the decision mentioned above. The Board of Directors of INTRALOT approved these new amended Financial Statements on its meeting held on 7/4/2006.

Use of Estimates

The preparation of financial statements in accordance with IFRS, requires that management make estimates and use assumptions that affect the carrying amount of assets and liabilities, disclosure of certain contingent assets and liabilities at the date of preparation of the financial statements as well as the amounts of income and expenses of the period.

3. Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of INTRALOT S.A. and its subsidiaries as at 31 December of each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Adjustments are made to bring in line any dissimilar accounting policies that may have existed.

All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which INTRALOT SA has control.

Foreign Currency Translation

The functional and presentation currency of INTRALOT S.A. and its subsidiaries which are located in Greece is the euro (€). Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All resulting differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiaries is the currency of the country in which these subsidiaries are located and operate. As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of INTRALOT SA at the rate of exchange ruling at the balance sheet date and, their income statements are translated at the weighted average exchange rates for the year. The resulting exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the income statement.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Owned Buildings	20 to 30 years
Installations on third party property	Over the duration of the lease but not less than 5% per annum
Equipment	5 to 15 years
Computer Hardware	20% to 30% per annum
Motor vehicles	7 years or 15% per annum
Trucks etc.	5 years or 20% per annum

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognized.

In regards of hardware and software lease as operating lease these assets, in the group balance sheet are disclosed in acquisition cost values and been depreciated using the straight line method and according to the lower period between the useful life and the contract life. In cases of the respective contracts renewal the assets' remaining net book value is depreciated according to the renewed contract life.

Borrowing Costs

Borrowing costs are recognized as an expense when incurred.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Any goodwill arising on the acquisition of a foreign subsidiary and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate accordingly.

The Group made use of the exception provided by IFRS 1 'First Time Adoption of IFRS' relating to business combinations that occurred before the transition date (1 January 2004). For those business combinations IFRS 3 'Business Combinations' is not applied. Instead, in accordance with IFRS 1 the Group kept the same classification as in its previous GAS financial statements. For business combinations prior to the transition date, the Group had recognized the resulting goodwill as a deduction from equity in its previous GAS financial statements. Therefore the Group did not recognize that goodwill in its opening IFRS balance sheet. Any adjustments to the assets and liabilities of the subsidiaries for IFRS purposes are taken to retained earnings.

The Group, based on previous GAS, had not consolidated certain subsidiaries that had been acquired in past business combinations. On first adoption of IFRS and in accordance with the exceptions of IFRS 1, the Group adjusted the carrying amounts of the subsidiary's assets and liabilities to the amounts that IFRS would require in the subsidiary's balance sheet. The deemed cost of goodwill equals the difference at the date of transition to IFRS between the parent's interest in those adjusted carrying amounts; and the cost in the parent's separate financial statements of its investment in the subsidiary. The resulting goodwill is recorded in the transition balance sheet (1 January 2004) and is tested for impairment.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Based on IFRS 3 'Business combinations', Goodwill is not amortized. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangibles

Intangible assets acquired individually, are capitalized at cost and those acquired through a business combination at fair values at the acquisition date. After initial recognition, intangibles are valued at cost less accumulated amortization. Useful lives of these intangibles are assessed to be either finitec or indefinite. Intangibles with finite useful lives are amortized as follows:

• Software platforms • Central operating software • Central Network software • Licenses • Rights	Over the duration of the longest contract
• Other software	3 to 5 years

Amortization of finite life intangibles are recognized as an expense in the Income Statement apportioned to the related cost centers.

Intangibles, except Development costs internally generated, are not capitalized and the costs are included ion the Income Statement in the year they are incurred.
Intangible assets are tested for impairment annually, either individually or at the cash generating unit level. Useful lives are also assessed annually and any revisions are made on a prospective basis.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Following the initial recognition of the development expenditure the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Any expenditure carried forward is amortized over the period of expected future sales from the related project.
The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are stated in the individual and consolidated financial statements at their cost less any impairment in value.

Financial assets

All investments are initially recognized at cost, being the fair value of the consideration given, including any acquisition related costs.

After initial recognition, investments (except investments in subsidiaries, associates and joint ventures) which are classified as *'valued at fair values through income statement'*, or as *'available for sale'* are measured at fair values. Gains or losses on investments classified as *'valued at fair values through Income Statement'* are recognized in the income statement. Gains or losses on *'available for sale'* investments are recognized in a separate component within Equity until the investment is either disposed or the investment is considered to have been impaired at which time any accumulated gains or losses are transferred to the Income Statement.

Other financial assets, except derivatives, with fixed or determinable payments and fixed maturity, are classified as «held to maturity», when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this category. The «held to maturity» monetary items, such as bonds, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated taking into consideration any premium or discount on acquisition, over the period to maturity. For investments carried at amortized cost, gains or losses are recognized in the Income Statement when the investments are disposed or impaired and also through amortization.

For investments that are actively traded in organized markets, fair values are determined in relation to the closing traded values at the balance sheet. For investments where these is no quoted market price, fair values are determined by reference to the current market value of another item substantially similar, or is estimated based on the expected cash flows of the underlying net asset base of the investment.

Inventories

Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and condition are accounted for using the FIFO method (first In First Out):
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

Trade and other short term receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when all possible legal actions have been exhausted.
When the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes

a financing transaction, the fair value of the consideration is determined by discounting all future receipts using the prevailing interest rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration is recognized as interest revenue in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.
For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, without the netting of outstanding bank overdrafts.

Interest bearing loans and Borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.
Gains and losses are recognized in net profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Long Term Liabilities

All long term liabilities are initially recognized at cost. Following initial recognition liabilities that are denominated in foreign currency are valued at the closing exchange rate at the reporting date. Any interest cost is recognized on an accruals basis.

Provisions and Contingent Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability of a potential outflow of funds is remote. Contingent assets are not recognized but are disclosed when the probability of a cash inflow is possible.
Provisions are recognized on each financial statements date (annual and interim) based on the best and reliable estimate for potential excess of cost (payments to winners) in games with predetermined odds as this is provided by the contracts between the company and the clients. The provision amount arising from this calculation for each reporting period is recognized and booked in the reporting period profit and loss account as an expense.

Leases

Group Entity as lessee:

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Group Entity as Lessor:

In cases of hardware and software leasing through operating lease, these assets are included in the company's tangible and intangible assets and the income that occurs is recognized on a straight line through the contract period.

Treasury Shares

Treasury shares represent shares of the parent company held by the Group. Treasury shares are stated at cost and disclosed as a separate component in Equity. Upon acquisition, disposal, issuance or cancellation of treasury shares no gain or loss is recognized in the Income Statement. The consideration given or received and the related gains or losses from the settlement are recognized directly in Equity.

Share Based Payments

IFRS 2 'Share-based Payment' requires an expense to be recognized where the Group buys goods or services in exchange for shares or rights over shares ('equity-settled transactions'), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ('cash-settled transactions'). The main impact of IFRS 2 on the Group is the expensing of employees' and directors' share options and other share based incentives by using an option-pricing model. Further details of the relevant schemes offered by the Compnay to employees and directors are given in note 23.

IFRS 2 is mandatory for accounting periods beginning on or after 1 January 2005. The Group has taken advantage of the exceptions of IFRS 1 and the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity settled awards granted after 7 November 2002 that had not vested on or before 1 January 2005.

All share options of the Group had been vested before 1 January 2005 and therefore IFRS 2 has not been applied in respect with the valuation of such benefits in the attached financial statements (note 23).

Staff Retirement Indemnities

Staff retirement indemnities are measured at the present value of the Company's defined benefit obligations at the balance sheet date, through the recognition of the employees' right to benefits based on years of service over their expected working life. The above liabilities are calculated using financial and actuarial assumptions and are determined based on an actuarial valuation method (Projected Unit Credit Method). The net expense for the period is included within staff costs in the accompanying Income Statement and consists of the present value of the benefits earned during the year, interest cost on the benefit liability, past service cost, actuarial gains or losses recognized and any other additional pension costs. The past service costs are recognized as an expense on a straight line basis over the average period until the benefits become vested. The unrecognized actuarial gains or losses are recognized over the remaining working life of active employees, and are included as part of the net annual pension cost of each year, if at the beginning of the period they exceed 10% of the future estimated liability for benefits. The Company's pension benefit schemes are not funded.

State Insurance Programs

The Company employees are covered by the main State Insurance Organization for the private sector (IKA) that provides pension and medical benefits. Each employee is obliged to contribute a percentage of the monthly salary to IKA while part of the total contribution is covered by the Company. On retirement, IKA is responsible for the payment of pensions to employees. Consequently, the Company does not have any legal or constructive obligation for the payment of future benefits based on this scheme.

Revenue recognition

Revenue is recognized in the period they are realized and the related amounts can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Hardware and Software: This category includes the supply of hardware, software and technical support services (gaming machines, central computer systems, gaming software, communication systems, installation services etc.) to Lotteries so that they can operate their on-line games. Revenue is recognized by the Company either as a direct sale of hardware and software or as operating lease for a predetermined time period according to the contract with the customer.

In the first case the income from the sales of hardware and software (in a determined value) is recognized when the significant benefits and risks arising from the ownership are transferred to the buyer.

In the second case it consists income from operating lease, it is defined as a percentage on the Lottery Organization's gross turnover received by the player-customer. Income recognition occurs the moment that the player-customer places the related consideration in order to participate in a game.

***Game management*:** The Group undertakes the provision of value added services, such as the design, organization and/ or management of games, advertising and sales promotion, establishment of sales network, risk management (for fixed odds games) etc to organizations internationally. Group revenues mainly consist of a percentage of the turnover of the games for which the above services are provided, the size of which is contractually determined based on the market size, the type of services rendered, the duration of the contract and other parameters. Revenue recognition occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals to an amount calculated as a percentage on the total amount received by the lottery games organization from the player-customer.

Game operation: In this category, the Group has the full game operating license in a country. In the case of operating the game the Company undertakes the overall organization of the games provided (installation of information systems, advertising and promotion, establishment of sales network, collections and payment of winnings to players, etc). Revenue recognition in this category occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals to the total amount received from the player-customer.

Income taxes

Current and deferred income taxes are calculated based on the financial statements of each entity included in the consolidated financial statements, based on the Greek tax laws or other tax frameworks within which the foreign subsidiaries operate. Income tax is calculated based on the profits of each entity as adjusted on their tax returns, additional taxes arising from audits performed by the tax authorities and deferred taxes based on enacted or substantially enacted tax rates.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognized for all taxable temporary differences**:**

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized:

• Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity are recognized in equity and not in the income statement.

Revenues, expenses and assets are recognized net of the amount of sales tax except**:**
• Where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
• Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Earnings per Share

The basic earnings per share (EPS) are calculated by dividing net profit attributed to the equity holders of the parent by the weighted average number of ordinary shares outstanding during each year, excluding the average number of ordinary shares of the parent held by the Group as treasury shares.

The diluted earnings per share are calculated by dividing the net profits attributable to the equity holders of the parent company by the weighted average number of ordinary shares outstanding (adjusted for the effect of the average number of share option rights outstanding during the year).

Financial Instruments

The financial assets and financial liabilities of the balance sheet include cash and cash equivalents, receivables, other short term liabilities and Derivative Financial Instruments. The accounting policies for recognition and measurement of financial assets and financial liabilities are detailed in the corresponding paragraphs of this Note.

Cash and cash equivalents, receivables, other short term liabilities:

The financial instruments are presented as assets, liabilities or Equity items based on their substance and content of the related contracts from which they derive. Interest, dividends, gains and losses arising from financial instruments characterized as assets or liabilities, are recognized as expense or income in the income statement. The payment of dividends to equity holders is deducted directly from equity. The financial instruments are offset when the Company, has a legally enforceable right to set off the recognized amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative Financial Instruments and Hedging:

The Group uses derivative financial instruments such as forward currency contracts and Interest Rate Swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference of the market value and is verified by the financial institutions. For the purpose of hedge accounting, hedges are classified as: fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction; or hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges :

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from both are taken to profit and loss. For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit and loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit and loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss. The changes in the fair value of the hedging instrument are also Recognised in profit and loss. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit and loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedges

Cash flow hedges are a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit and loss. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit and loss.

Certain derivatives, although characterized as effective hedges based on Group policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the statements of income.

1. Market risk

i) Interest Rate

The Group's exposure to market risk for changes in interest rates relates to the long and short term borrowings. The Group partially hedged against its interest rate risk in the year ended 31 December 2005 since management assessed that any change in historically low interest rates in conjunction with the low borrowing levels would give the chance to keep funding costs at a low level.

ii) Foreign exchange risk

The Group sells goods and provides services in various currencies including the Euro. Therefore, it is exposed to movements in foreign currency exchange rates against its reporting currency, the Euro. The Group in assessing the related risk used derivative financial instruments in the year ended 31 December 2005 in order to reduce its exposure to foreign currency change risk. At 31 December 2005 there were open positions in derivative financial instruments.

2. Credit risk

The Group does not have significant credit risk concentration because of the wide dispersion of its customers and the fact that credit limits are set through signed contracts. The maximum exposure to credit risk amounts to the aggregate values presented in the balance sheet.

3. Fair Value

The carrying amounts of cash and cash equivalents, short term receivables and short term liabilities in the balance sheet approximate their fair values due to their short term nature. The fair value of short term loans is not significantly different from their carrying values due to the use of variable interest rates.

4. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through and adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

De-recognition of Financial Instruments

A financial instrument is derecognized when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

4. Segment Reporting

The Group's reporting format is by geographical areas (based on the operating location of the Group). The Group has presence in 32 countries and the entities in the various countries are organized and managed separately. The Greek parent company provides support mainly in technical infrastructure (systems and software). The four segments of the Group based on geographical areas and according the criteria of Sales and Gross Margin are as follows:

- European Union
- Rest of Europe
- Americas
- Rest of the world

In the following table financial information is provided per geographical area, for the year ended 31 December 2005:

Amounts in €'000	**European Union**	**Other Europe**	**America**	**World (rest of)**	**Total**	**Adjustme nts**	**Consolidated**
Net Turnover 2005	**368.351**	**113.594**	**42.205**	**105.478**	**629.628**	**(106.664)**	**522.964**
Net Turnover 2004	**319.695**	**93.271**	**39.462**		**452.428**	**(138.205)**	**314.223**
%	15,22%	21,79%	6,95%	N/A	35,17%	-	66,43%
Gross Profit 2005	103.490	38.158	13.237	80.014	234.899	(8.697)	226.202
Gross Profit 2004	131.487	14.357	8.995		154.839	(15.759)	139.080
%	-21,29%	165,78%	47,16%	N/A	51,71%	-	62,64%

5. Staff costs

	GROUP	COMPANY
	€'000	**€'000**
Salaries	29.734	9.855
Social security contributions	3.370	1.718
Staff retirement indemnities (Note 19)	252	140
Other staff costs	1.114	328
Total	**34.470**	**12.041**

The number of employees of the Company and of the Group for the year ended 31 December 2005 was 308 and 2,710 respectively.

6. Depreciation and amortization

Depreciation and amortization recognized in the accompanying financial statements are analyzed as follows:

	GROUP	COMPANY
	€'000	**€'000**
Depreciation of tangible fixed assets (Note 11)	11.541	3.448
Amortization of intangibles (Note 12)	6.253	2.289
Total	**17.794**	**5.737**

7. Research and Development Costs

Research and development costs recognized in the consolidated income statement amount to € 4,023 thousands and in the income statement of the parent company € 4.075 thousands. (2004: € 3.260 thous. & € 3.718 thous.)

8. Income Taxes

Based on tax regulations, the tax rate applicable to Greek entities was 35% until 31 December 2004.

In December 2004 a new tax law was enacted according to which, the corporate tax rate will be gradually reduced from 35% to 25%. More specifically, in years 2005 the tax rate has decreased to 32%, 2006 the tax rate will be reduced to 29% and in 2007 and thereafter will be set at 25%.

The components of income taxes reported in the financial statements are analyzed as follows:

	GROUP	COMPANY
	€'000	**€'000**
Income Statement:		
Current income taxes	47.862	22.300
Deferred income taxes	-1.499	1.094
Total tax expense reported in income statement	**46.363**	**23.394**

The reconciliation of the income tax expense applicable to accounting profit before income tax at the Greek statutory tax rate to income tax expense at the Groups' s/ Company's effective income tax rate for the year ended 31 December 2005 is as follows:

	GROUP	COMPANY
	€'000	**€'000**
Accounting Profit before income taxes	**150.491**	**75.182**
Income taxes based on Greek statutory tax rate (35%)	48.157	24.058
Adjustments in prior year amounts	-5.129	-2.377
Tax effect of disallowable for tax purposes expenses	4.240	1.907
Tax effect of losses of subsidiaries, for which deferred tax asset was not recognized	2.917	-
Tax effect of tax free reserves	-195	-195
Tax effect of non taxable profits of a foreign subsidiary	-4.079	-
Tax effect of foreign subsidiaries' profits that are taxable at different tax rates	-665	-
Deferred tax effect due to tax rate change	1.116	
Income taxes at effective tax rate as reported in income statement	**46.363**	**23.394**

The Greek tax law and regulations are subject to interpretations by the tax authorities. Tax returns are submitted annually but the declared taxable profits or tax allowable losses remain provisional until the tax authorities subject the tax returns and books and records of a Company to an audit, at which time the tax liabilities will become final. The tax losses to the extend recognized by the tax authorities can be utilized through offsetting against taxable profits of the following five years.

INTRALOT SA has been audited by the tax authorities up to 31 December 2003. With respect to INTRALOT SA subsidiaries, their books and records remain unaudited for the last 1 to 5 accounting periods.

Deferred income taxes arise on the temporary differences between the carrying amounts and tax bases of the assets and liabilities, at the currently applicable tax rate.

	GROUP	COMPANY
	€'000	€'000
Net deferred tax asset at beginning of the year	**11.794**	**1.742**
Adjustments on prior year amount	1.468	2.377
Charge in the income statement	1.499	(1.094)
Effect of a subsidiary first time consolidated	376	
Exchange difference	45	-
Net deferred tax asset at end of the year	**15.182**	**3.025**

The deferred tax asset and liability presented in the accompanying balance sheet are analyzed as follows:

	GROUP		COMPANY	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
-Subsidiaries' tax losses carried forward	1.788	0	0	0
-Inventories– Intercompany profit	1.881	0	0	0
-Financial assets	278	-107	278	-80
-Provisions	6.004	0	0	0
-Tangible fixed assets	12	-8.090	0	-4.966
-Intangibles	11	-2.593	0	-1.458
-Receivables	12.399	0	9.921	0
-Current Liabilities	4.143	-79	0	-79
- ST Loans	16	0	0	0
- Fin. Lease Liabilities	11	0	0	0
-Staff retirement indemnities	241	0	143	0
-Other	3	-735	0	-735
	26.787	**-11.605**	**10.342**	**-7.318**

	Income Statement	
	GROUP	COMPANY
Deferred income tax	€'000	€'000
-Prior years' tax losses utilized	4.109	0
--Subsidiaries' tax losses carried forward	-1.023	0
-Provisions	-4.327	0
-Reversal of provisions	-34	0
-Intangible assets	3.586	97
-Tangible Assets	2.911	1.502
-Other Financial assets	3.458	3.444
-Receivables	-5.071	-4.716
-Inventories– Intercompany profit	-1.891	0
-Staff retirement indemnities	-63	-35
-ST Loans	-14	0
-Current Liabilities	-4.137	79
-LT Liabilities	289	0
-Other	710	721
Deferred Tax (income) / expense	**-1.499**	**1.094**

In case that the parent company's tax free reserves are distributed to equity holders, they will be taxed at the applicable tax rate, at the time the distribution is made, whereas in the case of distribution of retained earnings no additional tax will be imposed.

9. Earnings per share

The calculation of basic and diluted earnings per share at 31 December 2005 is as follows:

	GROUP	**COMPANY**
	€	**€**
Net profit attributable to equity holders of the parent company	**69.888.537**	**51.787.949**
Weighted average number of shares	77.718.859	77.718.859
Less: Weighted average number of treasury shares	(114.240)	(114.240)
Weighted average number of shares outstanding	**77.604.619**	**77.604.619**
Basic earnings per share (EPS) (in Euro)	**€ 0,901**	**€ 0,667**
Weighted average number of shares outstanding (for basic EPS)	77.604.619	77.604.619
Effect of potential exercise of share options (weighted average number outstanding in the year)	112.464	112.464
Weighted average number of shares outstanding (for diluted EPS)	**77.717.083**	**77.717.083**
Diluted earnings per share (EPS) (in Euro)	**€ 0,899**	**€ 0,666**

The difference between the weighted average number of shares outstanding and the shares taking into account those that would arise from the potential exercise of share options, is not significant.

10. Dividends

	GROUP	COMPANY
	€'000	**€'000**
Declared dividends of ordinary shares in the year:		
Final 2004 dividend	31.466	30.385
Interim dividend of 2005	27.647	17.854
	59.113	**48.239**
Less interim dividend of 2005 that has not been paid or approved by the Annual General Meeting of shareholders at the balance sheet date	(9.851)	(9.851)
Dividend per the Statement of changes in equity	**49.262**	**38.388**
Final 2005 dividend: € 0,55 (Company € 0,55)	**42.800**	**42.800**
Less: dividend paid as of year end	(8.003)	(8.003)
Dividend not recognized as a liability as of 31 December	**34.797**	**34.797**

The interim dividend of 2005 which had been paid as of the balance sheet date (€ 7.933 thousand) is presented together with the final 2004 dividend in the statement of changes in equity for the year.

11. Tangible fixed assets

Tangible fixed assets are analyzed as follows:

GROUP	Buildings and installations €'000	Machinery and equipment €'000	Transport equipment €'000	Furniture and fixtures €'000	Assets under construction €000	Total €'000
01/01/2005						
Cost	6.148	28.454	887	32.739	27	68.255
Accumulated amortization and impairment	(3.163)	(8.754)	(338)	(9.800)	0	(22.055)
Elimination entries		(4.170)				(4.170)
Opening balance 01/01/2005	**2.985**	**15.530**	**549**	**22.939**	**27**	**42.031**
Opening balance adjustments cost	(4.215)	5.012	(60)	1.581	0	2.318
Opening balance adjustments depreciation/amortization	2.501	(135)	17	(2.432)	0	(49)
Adjustments 01/01/05	(1.713)	4.876	(43)	(850)	0	2.268
PLUS						
Additions						
Transfer assets under construction	115	3.404	434	14.701	984	19.631
Acquisition of subsidiary	0	2.365	0	(2.732)	(39)	(406)
MINUS	0	(192)	31	5	0	(156)
Depreciation	(216)	(2.843)	(209)	(8.831)	(9)	(12.108)
Elimination entries		567				567
Impairment	0	0	0	0	0	0
Disposal	0	(110)	(184)	146	0	(148)
Write off	(25)	135	139	(351)	(13)	(116)
Net exchange differences on foreign currency translation	95	1.885	64	17.439	23	19.554
Net book value- 31/12/2005	**1.240**	**25.619**	**780**	**42.513**	**974**	**71.126**
31/12/2005						
Cost	2.128	36.807	1.383	65.138	996	106.452
Minus						
Accumulated Depreciation and impairment	(888)	(11.188)	(603)	(22.625)	(22)	(35.326)
Net book value- 31/12/2005	**1.240**	**25.619**	**780**	**42.513**	**974**	**71.126**

COMPANY	Buildings and installations €'000	Machinery and equipment €'000	Transport equipment €'000	Furniture and fixtures €'000	Total €'000
01/01/2005					
Cost	403	1	2	5.494	5.899
Accumulated amortization and impairment	(274)	(1)	(1)	(3.165)	(3.441)
Opening balance 01/01/2005	**129**	**0**	**1**	**2.329**	**2.458**
Opening balance adjustments cost	0	0	0	15.421	15.421
Opening balance adjustments depreciation/amortization	0	0	0	(709)	(709)
Adjusted 01/01/05	129	0	1	17.041	17.171
PLUS					
Additions	25	0	8	11.259	11.292
Transfer assets under construction	0	0	0	0	
Acquisition of subsidiary	0	0	0	0	
MINUS					
Depreciation	(47)	0	(1)	(3.400)	(3.448)
Impairment	0	0	0	0	0
Disposal	0	0	0	0	0
Write off	0	0	0	0	0
Net exchange differences on foreign currency translation	0	0	0	0	0
Net book value-31/12/2005	**107**	**0**	**8**	**24.900**	**25.015**
31/12/2005					
Cost	428	1	9	32.175	32.613
Minus					
Accumulated Depreciation and impairment	(321)	(1)	(1)	(7.275)	(7.598)
Net book value-31/12/2005	**107**	**0**	**8**	**24.900**	**25.015**

There are no restrictions in the ownership, transfer or other liens on the Group's property. Also none of the assets has been pledged as security against liabilities

At 31 December 2005 the Group had no commitments for the purchase of tangible fixed assets.

12. Intangibles

GROUP	GOODWILL €'000	SOFTWARE €'000	OTHER €'000	TOTAL €'000
01/01/2005				
Cost	287	16.753	35.557	52.597
Accumulated amortization and impairment	(195)	(2.525)	(8.637)	(11.357)
Opening balance 01/01/2005	**92**	**14.228**	**26.920**	**41.240**
Opening balance adjustments cost	0	4.975	1.913	6.888
Opening balance adjustments depreciation/amortization	0	(215)	(147)	(362)
Adjustments 01/01/05	0	4.760	1.766	6.526
PLUS				
Internally generated intangibles	0	(655)	(153)	(809)
Revaluation	0	1.246	(1.277)	0
Additions	0	2.927	339	3.266
Elimination entry	2.337	0	0	2.337
MINUS				
Amortisation	(92)	(878)	(5.251)	(6.221)
Disposal	0	101	(103)	(2)
Impairment	0	(50)	0	(50)
Net exchange differences on foreign currency translation	0	166	583	749
OTHER	0	0	(29)	(29)
Net book value- 31/12/2005	**2.337**	**21.844**	**22.795**	**46.976**
31/12/2005				
Cost	2.627	25.791	36.938	65.357
Minus				
Accumulated Depreciation and mpairment	(290)	(3.948)	(14.143)	(18.381)
Net book value- 31/12/2005	**2.337**	**21.844**	**22.795**	**46.976**

COMPANY	SOFTWARE €'000	OTHER €'000	TOTAL €'000
01/01/2005			
Cost	12.589	7.759	20.348
Accumulated amortization and impairment	(1.104)	(3.419)	(4.532)
Opening balance 01/01/2005	**11.485**	**4.340**	**15.825**
Opening balance adjustments cost	4.950	0	4.950
Opening balance adjustments depreciation/amortization	(189)	0	(189)
Adjusted 01/01/05	16.245	4.340	20.585
PLUS			
Internally generated intangibles	0	0	0
Additions	1.938	0	1.938
Acquisition of subsidiary	0	0	0
MINUS			
Amortisation	(613)	(1.676)	(2.289)
Disposal			
Impairment	(50)	0	(50)
Net exchange differences on foreign currency translation			
Net book value- 31/12/2005	**17.520**	**2.664**	**20.184**
31/12/2005			
Cost	19.477	7.759	27.236
Minus			
Accumulated Depreciation and impairment	(1.957)	(5.095)	(7.052)
Net book value- 31/12/2005	**17.520**	**2.664**	**20.184**

13. Investments in subsidiaries and associates

GROUP

	Participation percentage	COUNTRY	€' 000
Instant Lottery S.A.	48,17%	Greece	2.636
Totolotek SA	54%	Poland	1.424
Lebanese Games Sal	99,99%	Lebanon	348
Bulln's	5%	Bulgary	281
Λοιπές			122
			4.811

INTRALOT SA Investments in associates

	Participation percentage	COUNTRY	€' 000
Libero Interactif	25%	Turkey	300
Inovative Solutions Consultancy Group Inc	37,4%	Philippines	82
Instant Lottery SA	48,17%	Greece	150
Intradevelopment SA	47,50	Greece	950
Other			28
			1.510
INTRALOT SA Investments in Subsidiaries			
Intralot De Chile SA	99,99%	Chile	9.361
Intralot Inc	85%	USA	4.423
Intralot De Peru SAC	99,98%	Peru	512
Pollot Ltd	100%	Poland	797
Intralot Holdings International Ltd	100%	Cyprus	8.464
Betting Company	100%	Greece	139
Maltco Lotteries Ltd	73%	Malta	7.281
Intralot Betting Operations Ltd	54,95%	Cyprus	2.000
Royal Highgate Ltd	2,19%	Cyprus	131
Inteltek Internet AS	45%	Turkey	4.391
Loteria Moldovei SA	47,90%	Moldova	656
Intralot New Zealand Ltd	100%	New Zealand	277
			38.432
			39.942
ΓΕΝΙΚΟ ΣΥΝΟΛΟ			

14. Acquisition of a subsidiary

Investment in Royal Highgate Ltd

In January 2004, INTRALOT SA acquired 50% plus one (1) share of Royal Highgate Ltd, a company listed in Cyprus, which specializes in operating collective betting games. The Group acquired in this way control of Royal Highgate Ltd. Following this date, the Group acquired further shareholding and at 31 December 2004 the Group's shareholding amounts to 53,47% (indirect) and 2,19% (direct) of the shares of Royal Highgate Ltd.

The fair value of assets and liabilities of the subsidiary Royal Highgate Ltd at the date the Group acquired control were**:**

	Fair value €000	Carrying value €000
Tangible fixed assets	2.832	3.486
Intangibles	756	88
Cash and cash equivalents	1.353	1.353
Receivables	403	1.360
Other financial assets	2.805	2.805
	8.149	**9.092**
Short term liabilities	773	**773**
Value of Net Assets	**7.376**	**8.319**
INTRALOT SA 50% participation	**3.688**	
Negative Goodwill on acquisition	418	
Consideration	**3.270**	
The net cash outflow is analyzed as follows:		
Cash and cash equivalents acquired	1.353	
Cash consideration given	(3.270)	
	(1.917)	
Consideration paid by a subsidiary that was not consolidated in 2003	**3.270**	
Group cash inflow	**1.353**	

The negative Goodwill of € 418 thousands was recognized in other income in the consolidated income statement for the year ended 31 December 2004.

From the acquisition date, Royal Highgate Ltd participated in the net profit of the Group for the year ended December 31 2004 with a loss of € 208 thousands. The loss for the the year ended December 31 2005 is € 1.626 thous.

The difference between the consideration paid and the minority interest percentage acquired in the subsidiary's net assets at the date of acquisition of the additional percentage was recognized in equity.

15. Other financial assets

Other financial assets which have been classified by the Group as «Available for sale» are analyzed as follows:

	GROUP	COMPANY
	€'000	€'000
Bank of Cyprus capital investments	2.616	-
F.W. Woolworth & Co – Cyprus bonds	347	-
INTRAROM SA	398	398
Other	639	638
	4.000	**1.036**

During the year ended 31 December 200 a loss of € 133 thousands arising from the measurement of the above financial assets at fair values, was debited to a special reserve in equity.

Bank of Cyprus capital investments and F.W. Woolworth & Co bonds: The Group acquired these investments through the acquisition of a subsidiary in January 2004, they yield income at interest rates of 6,5% and 7% respectively, are stated at cost and the difference between carrying values and fair values at 31 December 2005 is not significant.

Intrarom SA.: The Company has a 4,14% participation in the share capital of INTRAROM SA a company which is registered in Romania and is not listed in an organized market and consequently the investment is stated at acquisition cost.

Other: The other items consist of shares in various listed entities and are valued at fair values based on their stock exchange prices at the balance sheet date (€ 459 thous) and Options (€ 179 thous).

16. Other long term receivables

Other long term receivables at 31 December 2005 are analyzed as follows:

	GROUP	COMPANY
	€'000	€'000
Receivables due from the Romanian Lottery (CNLR)	11.805	162
Receivables due from the Belgrade Lottery	765	765
Due from subsidiaries	-	-
Rent guarantees	345	101
Other receivables	572	29
	13.487	**1.057**

17. Inventories

Inventories are analyzed as follows:

	GROUP	COMPANY
	€'000	**€'000**
Merchandise – Equipment	13.717	5.224
Other	1.245	-
	14.962	**5.224**

18. Trade and other short term receivables

	GROUP	COMPANY
	€'000	**€'000**
Trade receivables	38.537	7.618
Receivables from related companies (Note 28)	27.261	67.889
Other receivables	30.641	17.189
Less: Provisions	(2.665)	(2.665)
Prepaid expenses and other receivables	4.314	235
	98.088	**90.266**

The above receivables are non interest bearing. (31/12/04 € 17.963 thous € 63.280 thous respectively)

19. Cash and cash equivalents

Bank current accounts are either non interest bearing or interest bearing and yield income at the daily bank rates.

The short term time deposits are made for periods between one (1) day and one month depending on the Group's cash requirements and yield income at the applicable prevailing interest rates.

For the purposes of the Statement of Cash Flows, cash and cash equivalents at 31 December 2005 consist of**:**

	GROUP	COMPANY
	€'000	**€'000**
Cash and bank current accounts	92.130	4.505
Short term time deposits	65.197	16.893
	157.327	**21.398**

The time deposits denominated in foreign currency relate mainly to currency exchange contracts (which have the nature of a time deposit and not a derivative).

20. Share Capital and Reserves

	GROUP	COMPANY
	€'000	€'000
77.748.170 Ordinary shares of nominal value € 0,37 each	**28.974**	**28.974**

After the exercise of share option rights on INTRALOT SA shares by the employees, the Company issued in February 2004 272.010 ordinary shares for a total value of € 100.644.

Following the share option, during 2004, the share capital was increased by € 26.125,7 with the issue of 70.610 shares with a nominal value of €0.37 each. Payment of this amount was confirmed by the Board of Directors on 05.01.05 while the share capital increase and confirmation of this amount were approved by decisions K2-16475/2-1-2006 and K2-16476/2-1-2006 of the Ministry of Development. According to the decision of shareholders' General Assembly on May 4th, 2005, the share capital (Ministry of Development Decision K2-5852/17-5-2005) was increased by € 14.383.411,45 through the capitalization of reserves with the issuance of 38.874.085 new ordinary shares of € 0,37 nominal value each, which were distributed freely, one new share for each existing one respectively. For comparison purposes, earnings per share (EPS) calculation as at December 31, 2004, has been adjusted respectively. (Note 9)

Reserves

Statutory reserve
In accordance with Greek Commercial Law, companies are required to set aside to this reserve at least 5% of their annual accounting profits until the cumulative balance reaches 1/3 of their paid up share capital. This reserve is not distributable during a company's operating life.

Nature and purpose of other reserves

Net unrealized gains reserve
Changes in fair values of financial assets classified as available for sale are recognized in this reserve. Balance as at 31/12/05 was € 274 thous.

Cumulative translation differences
This component of equity includes the exchange differences arising from the translation of foreign subsidiaries' financial statements into the Group's presentation currency. The credit balance of this component at 31 December 2005 was € 280 thousands

Tax free reserves and reserves specially taxed

The tax free reserves and reserves taxed in a special way, represent interest income which are either tax free or have been taxed at 15% at source. This particular income is not taxable provided that there will be sufficient profits from which the related tax free reserves can be created. Based on Greek tax law, this reserve is exempt from tax provided that it will not be distributed to shareholders. The Company does not intend to distribute this reserve and has thus not provided for deferred tax liability that would have been necessary if the reserve were to be distributed. The balance of these reserves at 31 December 2005 was € 9.556 thousands for the Group and € 7.258 thousands for the Company.

21. Long Term Loans

Long term loans at 31 December 2004 are analyzed as follows:

	Currency	Interest rate	GROUP €'000	COMPANY €'000
Loan A	EURO	3M Libor+ 1,375%	17.664	-
Loan B	MTL	12M Mibor + 3%	8.563	-
Loan C	EURO	3M Euribor + 1%	5.000	5.000
Loan D		1M Euribor + 1,375%	3.500	-
others			8.851	-
			43.578	-
Current portion of long term loans (Note 22)			(7.189)	-
Long Term Loans			**36.389**	**5.000**

- *Loan A*: In December 2003 a foreign subsidiary entered into an agreement for a loan of USD $ 23 million, with 3M Libor interest plus 1,375% per annum. The loan principal is payable in semiannual installments from May 2005 until February 2009. The loan has been guaranteed by the parent company.

- *Loan B*: In February 2004 a foreign subsidiary entered into an agreement for a loan for a total amount of MTL 6,1 million, of which MTL 4,44 million was utilized in 2004. The loan bears interest at the Maltese inter-bank interest rate (12M 'Mibor') plus spread up to 3% per annum. The loan principal is payable in equal quarterly installments from May 2005 until April 2009. The loan has been guaranteed pro rata by the shareholders of the subsidiary (based on their shareholding) through a Bank guarantee (19% of the loan) and the remaining through a corporate guarantee.

- *Loan C :* In November 2005 the parent company decided to borrow through a bond issue of 15 million EURO. The financing bears floating interest 3M Euribor plus 1% spread.
  The first tranche of 5 million EURO was issued in November 2005. The bonds mature in May 2007. The company holds the right repay the face value of the bond under certain conditions. The terms of the bond issue contain events of default including, among others, failure to make payments, inability to meet general and economic guarantees, certain events of insolvency, the suspension of business, ownership structure and materially adverse changes clause affecting the financials

- *Loan D :* In February 2005 a foreign subsidiary entered into an agreement for a loan for a total amount of million 3,5 EURO which bears interest at 3M Euribor plus 1.375% spread The loan principal is payable in equal semiannual installments from August 2006 until February 2010. The loan has been guaranteed by the parent company.

22. Staff retirement indemnities

(a) State Insurance Programs: The Group's contributions to the State insurance funds for the year ended 31 December 2004 have been reported in the income statement and amount to € 3.370 as stated in note 5 to the financial statements.

(b) Staff Retirement Indemnities: According to Greek Labor Law, employees are entitled to indemnity on dismissal and retirement, the amount of which varies depending on the years of service, salary level and the way the employee leaves employment (dismissal – retirement). Employees that resign or are dismissed for legally valid reasons are not indemnified. The indemnity payable on retirement is 40% of the amount that would have been payable to the same employee on dismissal on the same day (retirement date). In Greece, based on customary practice these programs are not funded. The Group charges to the income statement the expense attributable to the service provided by employees in the year, with a corresponding increase in the provision for staff retirement indemnities. Any payments made to retiring employees, are set against the related provision.

An independent firm of actuaries (Prudential Co Ltd) calculated the Company's and the Group's liability for retirement indemnities. The movement of the net liability as presented in the balance sheet and the basic assumptions used in the actuarial study as at 31 December 2005 are as follows:

	GROUP	**COMPANY**
	€'000	**€'000**
Present Value of unfunded liability	1.317	766
Unrecognized actuarial losses	(220)	(192)
Net liability on the balance sheet	**1.097**	**574**
Components of the net retirement cost in the year:		
Current service cost	201	106
Interest	44	27
Amortization of unrecognised actuarial (gain) or loss	7	7
Benefit expense charged to income statement (Note 5)	252	140
Additional service cost	-	-
Total charge to income statement	**252**	**140**
Movement of benefit liability:		
Net liability at beginning of year	792	434
Service cost	201	106
Interest	44	27
Amortization of unrecognised actuarial (gain) or loss	7	7
Benefits paid	-	-
Subsidiary not consolidated	-	-
New consolidated subsidiaries	53	-
Present Value of the liability at end of year	**1.097**	**574**

Basic assumptions:

Discount rate	4,207%
Percentage of annual salary increases	4%
Increase in Consumer Price Index	2%

23. Share based benefits

Plans for employee participation in the share capital

The Group has in place incentive plans to executives and employees with the provision of non transferable rights to acquire shares. At the date of preparation of these financial statements two (2) plans had been approved:

- The first plan was approved by the Annual Shareholders' Meetings of 28 February 2001 and 27 September 2001 and has a five (5) year duration. Under this program 3.708.200 rights* to acquire shares were granted to Board of Directors' members and to employees, at an exercise price of € 2,935. The beneficiaries have an exercise period until 30 November of each year of the duration of the program, to exercise their rights. In 2002 the first rights were exercised. At 31 December 2003, 2004 and 2005, 931.850, 387.830 and 124.030 such rights for shares, were outstanding respectively under this program. In 2005 the number of rights exercised was for 263.800 shares. The outstanding rights at 31 December 2005 can be exercised until 31/12/2008, date when the program expires.
- The second plan was approved by the Annual Shareholders' Meeting of 4 May 2005 and has a three (3) year duration. Under this program 2.400.000 rights* to acquire shares were granted to Board of Directors' members and employees of INTRALOT SA and its subsidiaries, at an exercise price of € 10,00. The first exercise period will be between 31 December 2005 and 30 November 2006, during which 1/3 of the rights can be exercised. The second exercise period will be between 31 December 2006 and 30 November 2007, during which another 1/3 of the rights can be exercised and the third exercise period will be between 31 December 2007 and 30 November 2008, during which the remaining 1/3 of the rights can be exercised. Finally, there will be an additional year in which beneficiaries will have the opportunity to exercise any rights not exercised earlier.

* The number of shares and the exercise prices are adjusted for the stock bonus issue (issuance of one new bonus share for each existing one), according to the decision of the Repeat Shareholder's General Assembly on May 4th, 2005.

24. Other Long Term Liabilities

Other long term liabilities at 31 December 2004 include:

	ΟΜΙΛΟΥ €'000	ΕΤΑΙΡΙΑΣ €'000
Remaining Liability due to acquisition of subsidiary	3.719	-
Guaranties	5.377	-
other	341	1
	9.437	**1**

25. Trade and Other Current Liabilities

	GROUP	COMPANY
	€'000	€'000
Trade Creditors	42.676	19.934
Amounts due to related companies (Note 28)	38.415	39.799
Winnings	1.535	-
Other payables	12.939	4.594
Taxes	9.372	4.239
Dividends payable	239	239
	105.176	**68.805**

The above amounts are non interest bearing. (31/12/2004 € 90.119 thous. και € 62.835 thous respectively)

26. Short term loans and current portion of long term loans

Short term loans represent draw-downs on various credit lines that the Group maintains with various banks. The utilized amounts of these credit lines are presented below:

	GROUP	COMPANY
	€'000	€'000
Available credit lines	132.130	124.600
Unutilized portion	(118.668)	(114.600)
Utilized portion	**13.462**	**10.000**
Current portion of long term loans (Note 21)	7.189	-
Other	446	
	21.097	**10.000**

Short term loans during the year were denominated in various foreign currencies. The utilized part at 31 December 2005 was denominated by (000) € 1.213 in USD , by € 2.467 in MTL, by € 33 in CIP, by € 2.968 in TRY and in other currencies.

The weighted average interest on short term loans at 31 December 2005 was 3.78% and in other currencies in a range from 4% to 6.25%.

Interest on short term loans are included in finance cost in the Income Statement for the year ended 31 December 2005.

27. Contingent Liabilities and Commitments

(a) Legal cases:

LEGAL ISSUES PENDING

a. By decision of the Arbitration Court awarded to the subsidiary company "BETTING COMPANY S.A." the payment of an indemnity of approximately MEUR 37 annually from 30/3/2001(up to the starting date of a specific betting or the end of the contract) and KEUR 390 for arbitration fees and charges. By decision of the Appeal Court in Athens the aforementioned decision of the Arbitration Court was cancelled. Following the Athens Court of Appeal decision service to the company, an appeal filed before the Supreme Court for the reversal of the decision of the Appeal Court; by decision of the Supreme Court the appeal was rejected and the decision of the Appeal Court was upheld.

b. Customer filed before the Multi Member First Instance Court of Athens his suit dated 28.12.2004 against subsidiary requesting the amount of 10.633.515,39 € as a compensation for non fulfilment of contractual obligations. The case will be heard on 5.4.2006.

c. On 4.1.2005 OPAP S.A. submitted a notice of proceedings to the Betting Company regarding a lawsuit that was filed against OPAP S.A. before the Court of First Instance, with which the plaintiff claims the payment of the amount of € 3.368.378,60 plus accrued interests from OPAP S.A., pleading that OPAP S.E. should pay this amount to him as profit, additionally to the amount that had already been paid. As Betting Company has a legitimate interest in OPAP S.A. winning the lawsuit, Betting Company and the companies INTRALOT S.A., INTRALOT INTERNATIONAL LTD and the joint venture "INTRALOT S.A.-Intralot International Ltd" made an additional joint intervention in favor of OPAP S.A which was scheduled for hearing on May 3, 2005 but then and following a petition of the plaintiff was heard on 1.12.2005 and the relevant decision is still pending.

d. On 05.09.05 the company was copied on an action filed by the company "IPPOTOUR S.A.", against the company and the company entitled "OPAP S.A.". Through the aforementioned appeal, the plaintiff "IPPOTOUR S.A." requests that it be acknowledged that the contract signed between OPAP S.A. and the Company should not grant to the latter the right to operate any kind of wagering game on Greek or foreign horse racing games, that "OPAP S.A" should not have the right to operate any kind of wagering game on horse racing and that "OPAP S.A." and the Company be excluded from the operation and organization of betting games on horse racing. The hearing of the case has been set on 14.02.2008. By virtue of the abovementioned action the plaintiff withdrew of the suit of the action filed against the Company on 10.1. 2003 with the same content, which was set to be heard on 18th of May 2005, on which date the said hearing was cancelled.

e**.** INTRALOT filed before Multi Member First Instance Court of Athens its suit dated 12.5.2005 against Mr. K Thomaidis, claiming the payment of sum of 300.000 € as pecuniary compensation for moral damage. The case was scheduled for hearing on January 26, 2006. On 18.1.2006 the company was served with an action filed by Mr. K. Thomaidis, before the Multi Member First Instance Court of Athens with which the plaintiff claims the payment of sum of 300.000 € as pecuniary compensation for moral damage. The case is scheduled for hearing on 14.12.2006. The suit of INTRALOT against Mr. K. Thomaidis was postponed for 14.12.2006 in order that the two suits to be heard together.

f. Any other legal issues do not have a material effect on the financial position of the Group.

(b) Unaudited Tax Years:

At a future tax audit of the unaudited accounting periods of the Group it is possible to have additional assessment for taxes and penalties on INTRALOT SA and its subsidiaries, for which no reasonable estimate can be made at this time. Management believe that any amounts that may potentially arise will not be significant for the financial position and performance of the Company and the Group. Subsequent to 31 December 2004 the Company finalized for tax purposes the accounting period ending 31 December 2003 and additional taxes of € 210 thousands have been charged in the income statement of the quarter ended 31 March 2005.
Up to the time that the 31/12/05 financial statements have been finalized Betting Company SA is under a regular tax control for the years 2002, 2003, 2004.

(c) Commitments:

(i) Operating lease payment commitments:

At 31 December 2005 within the Group there had been various operating lease agreements relating to rental of buildings and motor vehicles. Rental costs have been included in the income statement for the year ended 31 December 2005 and amount to € 6.216 thousands. (31/12/04 € 880 thous.)

Future minimum lease payments of non cancelable lease contracts as at 31 December 2005 are as follows:

	GROUP	COMPANY
	€'000	**€'000**
Within 1 year	2.010	1.224
Between 2 and 5 years	10.082	8.158
Over 5 years	-	-
	12.092	**9.382**

(ii) Guarantees:

The Company and the Group at 31 December 2005 had the following contingent liabilities and guarantees for:

	GROUP	COMPANY
	€'000	**€'000**
(a) Purchase of tangible assets	-	-
(b) Entrance to competition fees	-	-
(c) Financing guarantees	7.290	21.446
(d) Good performance	53.104	32.938
(e) Return of advance payments received	-	2.283
(f) Consideration for the acquisition of a subsidiary	-	-
(g) Other	-	302
	60.394	**56.969**

28. Related Parties

The consolidated financial statements include the financial statements of INTRALOT SA and of the subsidiaries listed below.

I. Full Consolidation

	COMPANY	BASE	PARTICIPATION PERCENTAGE
	BETTING COMPANY SA***	N. Hiraklion	100%
	INTRALOT DE CHILE SA*	Santiago, Chile	99,99%
	INTRALOT DE PERU SAC*	Lima, Peru	99,98%
	INTRALOT INC.*	Atlanta, USA	85%
	INTRALOT BETTING OPERATIONS (CYPRUS) LTD*	Nicosia, Cyprus	54,95%
1.	ROYAL HIGHGATE LTD***	Paralimni, Cyprus	53,47% (& 2,19% directly)
	POLLOT Sp.zoo*	Warsow, Poland	100%
	MALTCO LOTTERIES LTD*	Valetta, Malta	73%
	INTRALOT HOLDINGS INTERNATIONAL LTD*	Nicosia, Cyprus	100%
2.	LOTROM SA**	Bucharest,Romania	60%
2.	YUGOLOT LTD**	Belgrade, Serbia& Montenegro	100%
2.	BILOT EOOD**	Sofia, Bulgaria	100%
3.	EUROFOOTBALL LTD**	Sofia, Bulgaria	49%
4.	EUROFOOTBALL PRINT LTD**	Sofia, Bulgaria	100%
2.	INTRALOT INTERNATIONAL LTD**	Nicosia, Cyprus	100%
5.	INTRALOT OPERATIONS LTD**	Nicosia, Cyprus	100%
2.	INTRALOT BUSINESS DEVELOPMENT LTD**	Nicosia, Cyprus	100%
2.	INTRALOT TECHNOLOGIES LTD**	Nicosia, Cyprus	100%
	INTELTEK INTERNET AS*	Istanbul, Turkey	25%
	LOTERIA MOLDOVEI SA*	Chisinau, Moldova	47,90%
6,7,11	TOTOLOTEK SA**	Warsow, Poland	54%
2.	WHITE EAGLE INVESTMENTS LTD**	Hertfordshire, United Kingdom	100%
7.	BETA RIAL Sp.Zoo**	Warsow, Poland	100%
11.	YUVENGA CJSC**	Moscow, Russia	49%
2.	UNICLIC LTD**	Nicosia, Cyprus	50%
11.	DOWA LTD**	Nicosia, Cyprus	60%

Subsidiary of the company:
2: Intralot Holdings International Ltd
3: Bilot EOOD
4: Eurofootball Ltd
5: Intralot International Ltd
6: Pollot Sp.Zoo
7: White Eagle Investments Ltd
8: Instant Lottery SA
9: Atropos SA
10: AEDIL SA
11:Betarial Sp.Zoo
12: Uniclic Ltd
13: Betting Company SA

* Companies with direct participation
** Companies with indirect participation
***Companies with direct and indirect participation

1: Intralot Betting Operations (Cyprus) Ltd

	INTRALOT NEW ZEALAND LTD*	Wellington, New Zealand	100%
13.	BETTING CYPRUS LTD**	Nicosia, Cyprus	100%
	II. Equity Method		
	INSTANT LOTTERY SA*	Maroussi	48,17%
8.	ATROPOS SA***	Maroussi	100%
8,9.	AEDIL SA**	Maroussi	100%
9,10.	BEST NET Co**	Maroussi	100%
	LIIBERO INTERAKTIF AS*	Istanbul, Turkey	25%

The Group has subsidiaries and associates that are not consolidated and are presented in Note 13. In respect with INTRALOT SA there is no ultimate parent company in the form of a legal entity.

INTRALOT SA acquires goods and services from or provides goods and services to related parties in the course of ordinary business. These related parties consist of subsidiaries or companies that have common ownership and/or management with INTRALOT SA.

The balances with related parties are as follows:

	GROUP	**COMPANY**
	€'000	**€'000**
Receivables (Note 18)	**27.261**	**67.889**
Payables (Note 25)	**38.415**	**39.799**

Transactions of the Company and the Group with related parties for the year ended 31 December 2005 are analyzed as follows:

GROUP	**Purchases from related parties**	**Sales to related parties**
	€'000	**€'000**
Equipment and other inventories	**8.940**	**3**
Services	**2.649**	**14.871**

COMPANY	**Purchases from related parties**	**Sales to related parties**
	€'000	**€'000**
Equipment and other inventories	**8.940**	**5.290**
Services	**11.566**	**93.911**

Sales of goods and services to related companies are at normal market prices. The outstanding balances at the year end are not secured and their settlement is made in cash. For the year ended 31

December 2005 the Company has not raised any provision that relates to the balances with related companies.

Related parties in addition to those mentioned in Note 13 and in addition to the subsidiaries (for the Company) are:

INTRAKOM SA (group companies)

The Company's Board of Directors emoluments for the year ended 31 December 2005 amounted to € 400 thousands. (31/12/04 € 310 thous.)

29. DERIVATIVES

For the interest rate and exchange rate risk which may arise from the current and future funding needs, the Group has concluded entering in various contracts for the Parent company and the Subsidiaries.

Interest Rate Hedge

Position: Swap
Inception of contract: 13/10/2005
Contract date: 17/11/2005
Expiration: 17/11/2009
Amount: 17.8 € million

Position: Cap
Inception of contract: 31/10/2005
Contract date: 31/10/2005
Expiration: 31/10/2010
Amount: 4.75 € million

From the valuation of the above derivatives at fair values at December 31, 2005, a profit of 118 thousand Euros arose which was recognized in the income statement.

Forward Currency Contracts/ Currency Options

The Group has also entered in the following derivatives contracts which do not qualify for hedge accounting.

The Company as at December 31, 2005 had one open position on forward contracts for the amount of US$ 10 million and two positions in options (calls-puts) for the amount of US$ 30 million for the hedging of exchange rate risk which might arise. This will expire in the beginning and mid January 2006.
From the measurement at fair values as at December 31, 2005, a profit of 102 thousand Euros incurred, which was included in financial income/expense of the year.

30. Subsequent Events

Up to the time that the 31/12/05 financial statements have been finalized Betting Company SA is under a regular tax control for the years 2002, 2003, 2004.
Within the year 2006, the company has repaid liability due to the acquisition of an additional participation of 20% in Inteltek.
After 31 December 2005 there have been no events that require amounts presented in the accompanying financial statements to be changed, or requiring disclosure due to their nature or size.

31. Adjustments to prior year figures and relative amounts of 2004

The group recognises as income annualized during contract duration, the income that results from the equipment handed over to customers in those cases where these are part of the income resulting from games operation contracts. The effect of this adjustment in the year 2004 is as follows:

BALANCE SHEET AS AT 31 December 2004	**GROUP**	**COMPANY**
	€'000	**€'000**
ASSETS		
Non Current Assets		
Tangible fixed assets	47.004	17.172
Intangibles	42.232	20.585
Investment in subsidiaries and associates	6.651	39.547
Other financial assets	3.655	724
Deferred Tax asset	12.068	4.119
Other long term receivables	16.126	1.860
	127.736	**84.007**
Current Assets		
Inventories	6.969	5.224
Trade and other short term receivables	17.963	63.905
Cash and cash equivalents	119.305	26.586
	144.237	**95.715**
TOTAL ASSETS	**271.973**	**179.722**
EQUITY AND LIABILITIES		
Share Capital	14.335	14.335
Share premium	28.174	28.174
Treasury shares	-767	-767
Other reserves	14.418	12.059
Retained earnings	58.814	50.700
	114.974	**104.501**
Minority interest	15.725	
Total equity	**130.699**	**104.501**
Non Current Liabilities		
Long term loans	22.493	
Staff retirement indemnities	792	434
Deferred Tax liabilities	261	
Other long term liabilities	3.648	

	27.194	**434**
Current Liabilities		
Trade and other short term liabilities	90.119	63.462
Short term debt and current portion of long term debt	10.563	
Current income taxes payable	13.398	11.325
Total Current Liabilities	**114.080**	**74.787**
TOTAL LIABILITIES	**141.274**	**75.221**
TOTAL EQUITY AND LIABILITIES	**271.973**	**179.722**

INCOME STATEMENT FOR THE YEAR 1/1/2004 – 31/12/2004	**GROUP**	**COMPANY**
	€'000	**€'000**
Turnover	314.223	110.713
Less: Cost of Sales	-175.144	-36.234
Gross Profit	**139.079**	**74.479**
Other Income	1.599	73
Selling expenses	-13.647	-3.619
Administrative costs	-27.274	-5.999
Research and Development costs	-3.260	-3.718
Operating Profit	**96.497**	**61.216**
Interest and similar charges	-2.505	-739
Interest and related income	1.116	911
Exchange differences	4.081	-611
Operating Profit before Tax	**99.189**	**60.777**
Current Income Tax	-27.410	-24.290
Deferred Income Tax	-8.287	4.872
Net Profit	**63.492**	**41.359**
Attributable to:		
Equity holders of the parent	54.355	41.359
Minority interest	9.137	-
	63.492	**41.359**
Earnings per Share (In Euros)		
- basic and diluted	**0,70**	**0,54**

Weighted average number of shares	**77.285.956**	**77.285.956**

CASH FLOW STATEMENT
COMPANY / GROUP

	GROUP 1/1-31/12/2004	COMPANY 1/1-31/12/2004
Operating Activities		
Net Profit before Taxation	99.189	60.777
Plus /Less adjustments for:		
Depreciation and Amortization	8.622	1.985
Provisions	-31.478	11
Goodwill on acquisition of subsidiary	-418	0
Results from Investing Activities	1.202	117
Exchange rate differences	159	0
	77.276	**62.890**
Debit Interest and similar expenses	2.505	739
Credit Interest	-1.116	-911
Plus/ Less adjustments of working capital to net cash or related to operating activities:		
Increase/Decrease of Inventories	-3.533	-4.072
Increase/Decrease of Receivable Accounts	-26.786	-23.745
Increase/Decrease of Payable Accounts (except Banks)	65.642	49.485
Staff indemnities paid	0	0
(Less):		
Cash generated from /(used in) Operations		
Interest Paid and similar expenses paid	-2.505	-739
Income Tax Paid	-33.083	-25.819
Net Cash from Operating	**78.400**	**57.828**

Activities (a)		
Investing Activities		
-		
Purchases of subsidiaries, associates and other investments	-2.973	-12.745
Purchases of tangible and intangible assets	-53.210	-32.369
Proceeds from sales of tangible and intangible assets	0	0
Interest received	1.293	911
Dividends received	0	0
Increase of other long term receivables	-6.322	0
Cash acquired from the acquisition of a subsidiary	0	0
Changes in cash and cash equivalents due to non consolidation of a subsidiary	0	0
Net Cash from Investing Activities (b)	**-61.212**	**-44.203**
Financing Activities		
Shareholder's deposits	774	774
Cash inflows from minority interest shareholders	2.552	0
Cash inflows from loans	18.305	0
Repayment of Loans	-3.999	0
Payments for leases	0	0
Payments from Share Capital Increase	0	0
Sales from Equity Dividends	0	0
Dividends paid	-35.217	-28.698
Net Cash from Financing Activities ©	**-17.585**	**-27.924**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + ©	**-397**	**-14.299**
Cash and cash equivalents at the beginning of the year	**119.702**	**40.884**
Exchange rate differences from the conversion of Cash Equivalents	**0**	**0**
Cash and cash equivalents at the end of the year	**119.305**	**26.585**

Analysis of Adj's

	Group		Company	
Description	**Debit**	**Credit**	**Debit**	**Credit**
Tangible Assets	14.713	-	14.713	-
Intangible Assets	4.761	-	4.761	-
Deferred Tax Asset	13	-	2.377	-
Inventories	-	7.993	-	-
Receivables	-	44.182	-	28.989
Retained Earnings *	1.581	-	7.138	
Payables	31.107	-	-	-
Total	52.175	52.175	28.989	28.989

*

	Group	Company
Adj in 2004 results	3.501	4.137
Adj in prior years' results	-1.920	3.001
	1.581	7.138

Other 2004 Comparative figures

Staff costs	**GROUP**	**COMPANY**
	€'000	**€'000**
Salaries	18.933	7.703
Social security contributions	3.040	1.410
Staff retirement indemnities (Note 19)	178	98
Other staff costs	623	207
Total	**22.774**	**9.418**

Depreciation and amortization	**GROUP**	**COMPANY**
	€'000	**€'000**
Depreciation of tangible fixed assets (Note 11)	4.919	689
Amortization of intangibles (Note 12)	2.806	845
Total	**7.725**	**1.534**

Earnings per share	**GROUP**	**COMPANY**
	€'000	**€'000**
Net profit attributable to equity holders of the parent company	**54.355.817**	**41.358.827**
Weighted average number of shares	77.408.356	77.408.356
Less: Weighted average number of treasury shares	-122.400	-122.400
Weighted average number of shares outstanding	**77.285.956**	**77.285.956**
Basic earnings per share (EPS) (in Euro)	**0,70**	**0,54**
Weighted average number of shares outstanding (for basic EPS)	77.285.956	77.285.956
Effect of potential exercise of share options (weighted average number outstanding in the year)	142.674	142.674
Weighted average number of shares outstanding (for diluted EPS)	**77.285.956**	**77.285.956**
Diluted earnings per share (EPS) (in Euro)	**0,70**	**0,54**

Dividends	**GROUP**	**COMPANY**
	€'000	**€'000**
Declared dividends of ordinary shares in the year:		
Final 2003 dividend	21.963	21.963
Interim dividend of 2004	22.016	15.497
	43.979	**37.460**
Less interim dividend of 2004 that has not been paid or approved by the Annual General Meeting of shareholders at the balance sheet date	(8.762)	(8.762)

Dividend per the Statement of changes in equity	**35.217**	**28.698**
Final 2004 dividend: € 1,03 (company € 0,96)	**39.790**	**37.260**
Less: dividend paid as of year end	(6.734)	(6.734)
Dividend not recognized as a liability as of 31 December	**33.056**	**30.526**

Other financial assets

	GROUP	COMPANY
	€'000	**€'000**
Bank of Cyprus capital investments	2.586	-
F.W. Woolworth & Co – Cyprus bonds	345	-
INTRAROM SA	398	398
Other	326	326
	3.655	**724**

Other long term receivables

	GROUP	COMPANY
	€'000	**€'000**
Receivables due from the Romanian Lottery (CNLR)	15.022	-
Receivables due from the Belgrade Lottery	663	663
Due from subsidiaries	-	959
Rent guarantees	288	78
Other receivables	153	160
	16.126	**1.860**

Inventories

	GROUP	COMPANY
	€'000	**€'000**
Merchandise – Equipment	5.724	5.224
Other	1.245	-
	6.969	**5.224**

Cash and cash equivalents

	GROUP	COMPANY
	€'000	**€'000**
Cash and bank current accounts	27.668	10.162
Short term time deposits	91.637	16.424
	119.305	**26.586**

Long Term Loans	Currency	Interest rate	GROUP	COMPANY
			€'000	€'000
Loan A	USD	3M Libor+ 1,375%	17.186	-
Loan B	MTL	12M Mibor + 3%	10.388	-
others			240	-
			27.814	-
Current portion of long term loans (Note 22)			-5.321	-
Long Term Loans			**22.493**	**-**

Staff retirement indemnities	GROUP	COMPANY
	€'000	€'000
Present Value of unfunded liability	1.012	626
Unrecognized actuarial losses	-220	-192
Net liability on the balance sheet	**792**	**434**
Components of the net retirement cost in the year:		
Current service cost	144	80
Interest	34	18
Benefit expense charged to income statement (Note 5)	178	98
Additional service cost	-	-
Total charge to income statement	**178**	**98**
Movement of benefit liability:		
Net liability at beginning of year	927	423
Service cost	144	80
Interest	34	18
Benefits paid	-255	-87
Subsidiary not consolidated	-103	-
New consolidated subsidiaries	45	-
Present Value of the liability at end of year	**792**	**434**
Basic assumptions:		
Discount rate	4,80%	
Percentage of annual salary increases	4%	
Increase in Consumer Price Index	2%	

Other Long Term Liabilities	GROUP	COMPANY
	€'000	€'000
Remaining Liability due to acquisition of subsidiary	3.588	-
other	60	-
	3.648	**-**

Short term loans and current portion of long term loans	GROUP	COMPANY
	€'000	€'000
Available credit lines	9.438	-

Unutilized portion	-4.196	-
Utilized portion	**5.242**	**-**
Current portion of long term loans (Note 21)	5.321	-
	10.563	**-**

Operating lease payment commitments:	**GROUP**	**COMPANY**
	€'000	**€'000**
Within 1 year	957	721
Between 2 and 5 years	2.735	2.080
Over 5 years	436	-
	4.128	**2.801**

Guarantees:	**ΟΜΙΛΟΣ**		**ΕΤΑΙΡΙΑ**	
	€'000	**$'000**	**€'000**	**$'000**
(a) Purchase of tangible assets	-	1.990	-	1.990
(b) Entrance to competition fees	200	800	200	800
(c) Financing guarantees	4.841	5.510	4.810	5.500
(d) Good performance	36.538	17.209	25.150	16.574
(e) Return of advance payments received	160	-	160	-
(f) Consideration for the acquisition of a subsidiary	-	7.000	-	7.000
(g) Other	1.878	4.000	303	4.000
	43.617	**36.509**	**30.623**	**35.864**

Investments in subsidiaries and associates

GROUP

	Participation percentage	**COUNTRY**	**€' 000**
Inteltek	25%	Turkey	4.391
Intradevelopment SA	47,50%	Greece	950
Libero Interactif	25%	Turkey	406
Lebanese Games Sal	99,99%	Lebanon	350
Bilnus	5%	Bulgaria	289
Instant Lottery SA	50,10%	Greece	150
Other			115
			6.651

INTRALOT SA Investments in associates

	Participation percentage	**COUNTRY**	**€' 000**
Loteria Moldovei SA	47,90%	Moldova	349
Inteltek	25%	Turkey	4.391
Intradevelopment SA	47,50%	Greece	950
Libero Interactif	25%	Turkey	406
Inovative Solutions Consultancy Group Inc	37,4%	Philippines	82
Other			313
			6.491
INTRALOT SA Investments in Subsidiaries			
Intralot De Chile	99,99%	Chile	9.361
Intralot Inc	99,99%	USA	4.211
Intralot De Peru	99,98%	Peru	512
Pollot Ltd	100%	Poland	797
Intralot Holdings International Ltd	100%	Cyprus	8.464
Intralot De Brazil Commercio Ltda	99,97%	Brazil	10
Betting Company SA	95%	Greece	139
Maltco Lotteries	73%	Malta	7.281
Intralot Betting Operations Ltd	54,95%	Cyprus	2.000
Royal Highgate Ltd	2,19%	Cyprus	131
Instant Lottery SA	50,10%	Greece	150
			33.056
GRAND TOTAL			**39.547**

32. Adjustments to interim financial statements of the year 2005

The group recognises as income annualized during contract duration, the income that results from the equipment handed over to customers in those cases where these are part of the income resulting from games operation contracts. The effect of this adjustment in the interim financial statements of the year 2005 is as follows:

	31.3.2005		30.6.2005		30.9.2005	
in €'000	**Group**	**Company**	**Group**	**Company**	**Group**	**Company**
Balance Sheet effect						
Intangible Assets	4.636	4.636	4.511	4.511	4.390	4.390
Property Plant & Equipment	15.457	15.457	17.642	17.642	17.496	17.496
Deferred Income Tax Asset	0	1.782	-3	1.200	-7	602
Loans, Advances and Long Term Assets	-14.672	-14.672	-16.111	-16.111	-15.394	-15.394
Inventories	8.590	0	6.705	0	13.727	0
Accounts Receivable	-10.684	-15.976	-13.546	-17.584	-22.122	-18.104
Retained Earnings	4.969	8.772	6.926	10.342	8.160	11.010
Accounts Payable and Accrued Liabilities	-8.296	0	-6.124	0	-6.251	0
Profit & Loss Account effect						
Sale Proceeds	14.836	1.535	20.867	4.348	29.482	3.966
Less: Cost of Sales	-11.581	-620	-15.893	-2.680	-23.462	-2.412
Finance Income	132	132	368	368	552	552
Taxation - Deferred	0	595	3	1.177	7	1.774

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Reconciliation of January 1st 2004 Balance sheet and the December 31, 2004 Financial Statements between Greek Accounting Standards and IFRS

GROUP **1 January 2004**	**Greek Standards €'000**	**IFRS €'000**	**Difference €'000**
ASSETS			
Non Current Assets			
Tangible fixed assets	16.236	20.144	3.908
Intangibles	16.728	8.412	(8.316)
Investments in subsidiaries and associates	11.661	7.453	(4.208)
Other financial assets	1.178	841	(337)
Deferred Tax Asset	-	21.134	21.134
Other long term receivables	9.815	9.815	-
	55.618	**67.799**	
Current Assets			
Inventories	5.458	4.967	(491)
Trade and other short term receivables	77.366	54.740	(22.626)
Cash and Cash equivalents	118.423	122.040	3.617
	201.247	**181.747**	
TOTAL ASSETS	**256.865**	**249.546**	
EQUITY AND LIABILITIES			
Share Capital	14.234	14.234	-
Share premium	26.678	26.678	-
Other reserves	2.501	13.940	11.439
Retained earnings	42.926	33.676	(9.250)
	86.339	**88.528**	
Minority interests	11.324	6.761	(4.563)
Total Equity	**97.663**	**95.289**	
Non Current Liabilities			
Long term loans	-	18.351	18.351
Staff retirement indemnities	860	927	67
Deferred tax liabilities	-	203	203
Other long term liabilities	436	4.087	3.651
	1.296	**23.568**	
Current Liabilities			
Trade and short term liabilities	105.619	91.597	(14.021)
Short term loans and current portion of long term loans	19.538	20.081	543
Current income taxes payable	32.749	19.011	(13.738)
Total Current Liabilities	**157.906**	**130.689**	
TOTAL LIABILITIES	**159.202**	**154.257**	
TOTAL EQUITY AND LIABILITIES	**256.865**	**249.546**	

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Reconciliation of January 1st 2004 Balance sheet and the December 31, 2004 Financial Statements between Greek Accounting Standards and IFRS

GROUP 31 December 2004	Greek Standards €'000	IFRS €'000	Difference €'000
ASSETS			
Non Current Assets			
Tangible fixed assets	32.271	47.004	14.733
Intangibles	40.051	42.232	2.181
Investments in subsidiaries and associates	7.797	6.651	(1.146)
Other financial assets	4.016	3.655	(361)
Deferred Tax Asset	-	12.068	12.068
Other long term receivables	16.415	16.126	(289)
	100.550	**127.736**	
Current Assets			
Inventories	15.159	6.969	(8.190)
Trade and other short term receivables	82.272	17.963	(64.309)
Cash and Cash equivalents	119.288	119.305	17
	216.719	**144.237**	
TOTAL ASSETS	**317.269**	**271.973**	
EQUITY AND LIABILITIES			
Share Capital	14.335	14.335	-
Share premium	28.174	28.174	-
Other reserves	(12.621)	13.651	26.272
Retained earnings	49.193	58.814	9.621
	79.081	**114.974**	
Minority interests	21.149	15.725	(5.424)
Total Equity	**100.230**	**130.699**	
Non Current Liabilities			
Long term loans	22.253	22.493	240
Staff retirement indemnities	813	792	(21)
Deferred tax liabilities	-	261	261
Other long term liabilities	452	3.648	3.196
	23.518	**27.194**	
Current Liabilities			
Trade and short term liabilities	155.371	90.119	(65.252)
Short term loans and current portion of long term loans	10.539	10.563	24
Current income taxes payable	27.611	13.398	(14.213)
Total Current Liabilities	**193.521**	**114.080**	
TOTAL LIABILITIES	**217.039**	**141.274**	
TOTAL EQUITY AND LIABILITIES	**317.269**	**271.973**	

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Reconciliation of January 1st 2004 Balance sheet and the December 31, 2004 Financial Statements between Greek Accounting Standards and IFRS

INTRALOT SA 1 January 2004	Greek Standards €'000	IFRS €'000	Difference €'000
ASSETS			
Non Current Assets			
Tangible fixed assets	2.170	2.170	-
Intangibles	6.148	5.202	(946)
Investments in subsidiaries and associates	27.916	26.803	(1.113)
Other financial assets	1.178	841	(337)
Deferred Tax Asset	-	2.246	2.246
Other long term receivables	9.786	9.097	(689)
	47.198	**46.359**	
Current Assets			
Inventories	1.431	1.153	(278)
Trade and other short term receivables	45.697	33.033	(12.664)
Cash and Cash equivalents	40.885	40.885	-
	88.013	**75.071**	
TOTAL ASSETS	**135.211**	**121.430**	
EQUITY AND LIABILITIES			
Share Capital	14.234	14.234	-
Share premium	26.678	26.678	-
Other reserves	12.455	10.867	(1.588)
Retained earnings	19.469	42.398	22.929
Total Equity	**72.836**	**94.177**	
Non Current Liabilities			
Staff retirement indemnities	611	423	(188)
	611	**423**	
Current Liabilities			
Trade and other short term liabilities	36.024	13.976	(22.048)
Income taxes payable	25.740	12.854	(12.886)
Total Current Liabilities	**61.764**	**26.830**	
TOTAL LIABILITIES	**62.375**	**27.253**	
TOTAL EQUITY AND LIABILITIES	**135.211**	**121.430**	

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Reconciliation of January 1st 2004 Balance sheet and the December 31, 2004 Financial Statements between Greek Accounting Standards and IFRS

INTRALOT SA 31 December 2004	Greek Standards €'000	IFRS €'000	Difference €'000
ASSETS			
Non Current Assets			
Tangible fixed assets	2.459	17.172	14.713
Intangibles	16.001	20.585	4.584
Investments in subsidiaries and associates	40.661	39.547	(1.114)
Other financial assets	1.085	724	(361)
Deferred Tax Asset	-	4.119	4.119
Other long term receivables	15.850	1.860	(13.990)
	76.056	**84.007**	
Current Assets			
Inventories	5.627	5.224	(403)
Trade and other short term receivables	92.850	63.905	(28.945)
Cash and Cash equivalents	26.586	26.586	-
	125.063	**95.715**	
TOTAL ASSETS	**201.119**	**179.722**	
EQUITY AND LIABILITIES			
Share Capital	14.335	14.335	-
Share premium	28.174	28.174	-
Other reserves	12.991	11.292	(1.699)
Retained earnings	26.926	50.700	23.774
Total Equity	**82.426**	**104.501**	
Non Current Liabilities			
Staff retirement indemnities	611	434	(177)
	611	**434**	
Current Liabilities			
Trade and other short term liabilities	93.418	63.462	(29.956)
Income taxes payable	24.664	11.325	(13.339)
Total Current Liabilities	**118.082**	**74.787**	
TOTAL LIABILITIES	**118.693**	**75.221**	
TOTAL EQUITY AND LIABILITIES	**201.119**	**179.722**	

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Reconciliation of January 1st 2004 Balance sheet and the December 31, 2004 Financial Statements between Greek Accounting Standards and IFRS

GROUP **Year ended 31 December 2004**	**Greek Standards €'000**	**IFRS €'000**	**Difference €'000**
Sales	325.802	314.223	(11.579)
Less: Cost of sales	(191.886)	(175.144)	16.742
Gross Profit	**133.916**	**139.079**	
Other income	159	1.599	1.440
Selling costs	(13.507)	(13.647)	140
Administrative expenses	(22.095)	(27.274)	5.179
Research and Development costs	(3.397)	(3.260)	(137)
Other net expenses	578	-	(578)
Operating Profits	**95.654**	**96.497**	
Interest and related expenses	(2.630)	(2.505)	(125)
Interest and related income	1.299	1.116	(183)
Exchange differences	-	4.082	4.082
Operating profits before taxes and minority interests	**94.323**	**99.190**	
Iincome taxes	(27.313)	(35.697)	8.384
Profits after taxes	**67.010**	**63.493**	

INTRALOT SA **Year ended 31 December 2004**	**Greek Standards €'000**	**IFRS €'000**	**Difference €'000**
Sales	141.200	110.713	(30.487)
Less: Cost of sales	(55.631)	(36.234)	19.397
Gross Profit	**85.569**	**74.479**	
Other income	63	73	10
Selling costs	(3.758)	(3.619)	(139)
Administrative expenses	(5.901)	(5.999)	(98)
Research and Development costs	(3.855)	(3.718)	(137)
Other net expenses	(1.812)	-	(1.812)
Operating Profits	**70.306**	**61.216**	
Interest and related expenses	(830)	(739)	(91)
Interest and related income	308	910	602
Exchange differences	892	(611)	(1.503)
Operating profits before taxes and minority interests	**70.676**	**60.776**	
Income taxes	(24.290)	(19.417)	(4.873)
Profits after taxes	**46.386**	**41.359**	

INTRALOT S.A.

Maroussi, Apriil 7, 2006

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE VICE-CHAIRMAN OF THE B. OF D. AND CEO
S.P. KOKKALIS ID. No. Π 695792	C.G. ANTONOPOULOS ID. No. M 102737
THE GENERAL DIRECTOR OF FINANCE AND BUSINESS DEVELOPMENT	**THE ACCOUNTING DIRECTOR**
I. O. PANTOLEON ID. No. Σ 637090	E. N. LANARA ID.No. Λ 682542 H.E.C. License No. 133/A' Class