INTRALOT group

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
IFRS

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INTRALOT

Report of the Board of Directors of the INTRALOT Group
to the Annual General Assembly of the Shareholders for the fiscal year
01/01/2006 – 31/12/2006

Dear shareholders,

Fiscal year 2006 was one more year of strong growth for the INTRALOT group, which continued successfully its global expansion and established further its leading position in the global gaming sector. Currently, the Company has presence in 5 continents through its subsidiaries, business offices and branches. During 2006, the Company undertook new significant contracts in countries such as South Africa, the Philippines, Taiwan, Australia and Italy.

Parent company revenues reached €231.1 mil. in 2006 from €123.7 mil. in 2005, posting an increase of 86.8%, while earnings after tax amounted to €63.2 mil., an increase of 22.0% compared to 2005.

Consolidated revenues reached €791.4 mil. in 2006 from €523.0 mil. in 2005, an increase of 51.3%, while earnings after tax and after minorities increased by 49.6% in 2006 to €104.6 mil. from €69.9 mil. in 2005.

The consolidated profit after tax and after minorities margin was 13.2% in 2006 from 13.4% in 2005, due to the slightly increased contribution to the sales of full operating projects, through the granting of the relative licenses from the competent national authorities, which carry lower profit margins.

The Group return on equity in 2006 was shaped at 58.4%.

Cash Position – Debt – Issuance of convertible bonds

At the end of November 2006, INTRALOT completed the offering of € 200 mil. convertible bonds with a 7-year duration, in order for the Company to have immediate access to funds, with favorable terms, in order to finance the significant upcoming projects in the gaming sector (see the paragraph: “Growth prospects –The international gaming sector and INTRALOT”). The above convertible bonds offering was completed with great success, since it was oversubscribed by 10 times, at the lower interest rate range and at the higher conversion price that was set at €30.5 per share. The above mentioned development improved significantly the Company's capital structure, while at the same time the success of the offering reflects the trust of investors towards the Company.

The cash balance reached €467.9 mil. in 2006, while bank debt (plus the convertible bond) reached €337,4 mil., shaping the net cash position at €130,5 mil.

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

In Bulgaria, fixed odds betting revenues more than doubled in 2006. Since the acquisition of the subsidiary Eurofootball, at the end of 2002, the game's turnover has increased by 9 times, reflecting INTRALOT's know-how in the operation and management of games. Contributors to the growth of the game in 2006 were the expansion and the overall quality upgrade of the sales network that is taking place during the last years. Moreover, from mid-2006, the game's choices enriched with new events such as over/under and live-betting that are widely accepted from the players.

In Turkey, the revenues of the Company's subsidiary INTELTEK that manages the fixed odds betting game increased significantly in 2006 as the game enjoys wide recognition in the country and increasing levels of penetration. The above increase resulted without any sales network expansion, which is currently comprised of 4,000 agencies. Following a Turkish Court decision, that resulted to the termination of the previous contract, the Turkish Parliament voted for a new law, following which a one-year contract was signed with Spor Toto.

The subsidiary Lotrom in Romania experienced a large increase in the drop per machine per day regarding the video-lotto terminals operations, reflecting the continuing upward trend of the game and its significant growth potential. Fixed odds betting in the country, that is managed by Lotrom, doubled its revenues in 2006, and still has a large potential since the game's penetration in the country is low. Finally, CNLR's lottery system that is managed by INTRALOT continued successfully in 2006.

In the US, the revenues of the subsidiary INTRALOT USA increased in 2006 due to the initiation of operations regarding the Montana lottery on May 31, 2006 and the increase of revenues of the Nebraska Lottery for a second consecutive year, since the award of the project to INTRALOT, in this way offsetting a major part of the installation expenses. At the end of August 2006, INTRALOT won its third contract in the US, in the state of Idaho,that successfully commenced operations with the Company's operating system on February 2007.

In Poland, the betting subsidiary Totolotek achieved in 2006, its first full year of operation, significant growth as the sales network expansion and the offering of a more attractive game to the players increased the penetration of the game in the country. The growth potential of the fixed odds betting game in the country remains high since the overall game's penetration is still low.

In the Latin America, the Group's subsidiary INTRALOT de Chile continued the management of the games of the National Lottery Organization of Chile, Polla Chilena, while in Peru, INTRALOT de Peru is planning the introduction of new games with higher acceptance in the country. Moreover, the Company restructured its branch in Colombia in order to improve the financials of the project in the country. INTRALOT, aiming to strengthen its activities in Latin America, acquired in January, 2007 a majority stake of an integrated lottery systems company in Argentina, the second largest in its sector in the country.

In Malta, the subsidiary Maltco that has the exclusive license for the operation of all the lottery games in the country continued the successful performance of 2005, achieving high rates of penetration in the country's lottery market.

Concerning operations in Greece, Stihima revenues increased substantially in 2006, as the rejuvenation measures taken for the game (introduction of new types of betting, increase of the payout, etc.) reversed the negative trend of the game in the fist half of 2005. The above mentioned contract of the Company with OPAP S.A. ended in January 29, 2007, while in November 2006 the Company jointly with its subsidiary Betting Company reached to an agreement with six month duration with OPAP S.A. and a starting date on January 29, 2007. Within the context of this agreement, INTRALOT will provide the infrastructure and the know-how, which are necessary for the operation of the “Pame Stihima” betting game.

New Contracts

In May 2006, INTRALOT, through a joint venture, was selected from the ChinaTrust Commercial Bank in Taiwan (CTCB) as the supplier in a tender process for the operation of lottery games in Taiwan.

In July 2006, INTRALOT signed a contract in Malaysia with “Magnum Corporation Berhad”, the leading gaming company in the country for the procurement of a central lottery operating system, terminals, the required telecommunication infrastructure and games.

In the same month (July), INTRALOT concluded an agreement with Hamburg’s State Lottery for the installation of LOTOS, the base platform of INTRALOT’s gaming management system along with terminal software, in the framework of the lottery’s technological upgrade.

In August 2006, the Company signed its third contract in US with the Idaho Lottery for the provision of an on-line central lottery system.

In August 2006, INTRALOT Australia, subsidiary of INTRALOT, following an international tender, announced by Lotterywest, the State Lottery of Western Australia, as the preferred bidder for the provision of an integrated lottery system along with terminals.

In October 2006, the Company, as a member of a consortium, was awarded the exclusive license for the operation and management of South Africa’s lottery games. INTRALOT will be the main provider of the required IT infrastructure and support services, which are required to implement the project.

In Italy, within the context of an international tender to expand the country's betting market, INTRALOT acquired the largest number of licenses for the exclusive sports betting points of sale and is expected to become one of the most important sports betting houses in the country.

In January 2007, the Company acquired in Argentina a 50.1% stake of Tecno Accion, the second largest integrated lottery systems company in the country. The cost of the acquisition reached $22 mil. (for a 100% stake), while the company had a net cash position of $3.5 mil.

Research and Development

The Company carries out research and development for the continuing improvement of its lottery systems and software so as to constantly develop the three main characteristics of the LOTOS platfom: the central system LOTOS, the terminals and the telecommunications.

Human Resources

Reflecting the Company's policy regarding the development and the care regarding its human capital resources, INTRALOT's personnel voted the Company among the 20 best places to work, a competition that was organized by the international institute "Great Place to Work Institute" and the ALBA Graduate Business School.

The share – Dividend

In the period 01.01.2006 – 31.12.2006, the Company's share price increased by 79.1%, when the ATHEX General Index and the FTSE ASE 20, in which the Company participates, increased by 19.9% and 17.7%, respectively. Moreover, the Company's Board of Directors will propose to the Shareholders' Annual Meeting on April 18th, 2007 the distribution of a € 0.66 dividend per share for fiscal year 2006 (€ 0.30 per share interim dividend and a remaining dividend of € 0.36 per share). The dividend for the fiscal year 2006 is increased by 20% in comparison to the dividend of 2005.

Growth prospects –The international gaming sector and INTRALOT

The recent years a significant sector consolidation through acquisitions took place so as the companies to face the increasing market demands and challenges. INTRALOT is one of the three leading companies in the sector globally that shapes the technological and operational developments.

Major growth prospects are evolving in the gaming sector due to the lottery privatization projects that are in progress especially in the US and in other countries, where a significant number of state lotteries have expressed their intentions to grant concession licenses to private companies. Moreover, in the mid- and long-term the gaming market will further expand due to the expected liberalization of gaming markets, similar to Italy, where an international tender took place in order to expand the country's betting market. Similar developments are expected to take place in Spain and in other countries.

The above developments in the gaming sector shape a period of significant challenges and opportunities for INTRALOT. We believe that given INTRALOT's broad portfolio of products and services and its extensive know-how and experience in the gaming sector, the Company is ready to face the challenges and play a leading part in the sector's developments, increasing at the same time the value to its shareholders.

Athens, March 22, 2007

The Vice-Chairman of the
Board of Directors and CEO

Constantinos G. Antonopoulos

It is certified that the, as above, Report of the Board of Directors of the Intralot Group, which is consisted by 6 pages, is the one referred in the independent Auditor's Report provided on the March 26, 2007.

The Certified Public Accountant Auditor
George A. Karamichalis
SOEL Reg. No15931
SOL SA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ***"INTRALOT S.A INTEGRATED LOTTERY SYSTEMS AND SERVICES".***

Report on the Financial Statements

We have audited the accompanying individual and consolidated financial statements of *"INTRALOT S.A INTEGRATED LOTTERY SYSTEMS AND SERVICES"*, which comprise the individual and consolidated balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors is consistent with the aforementioned financial statements.

Athens, March 26, 2007

George A. Karamichalis

Certified Public Accountant Auditor

SOEL Reg. No15931

SOL S.A. – Certified Public Accountants Auditors

3, Fok. Negri Street - Athens, Greece

INTRALOT S.A.

INCOME STATEMENT FOR THE YEAR 1/1/2006 – 31/12/2006

	Notes	GROUP €'000	GROUP €'000	COMPANY €'000	COMPANY €'000
		1/1-31/12/06	1/1-31/12/05	1/1-31/12/06	1/1-31/12/05
Turnover		791.448	522.964	231.115	123.707
Less: Cost of Sales		-473.467	-310.568	-97.019	-44.109
Gross Profit		**317.981**	**212.396**	**134.096**	**79.598**
Other Income	**32**	2.987	2.384	107	826
Selling expenses		-37.824	-30.579	-8.433	-5.056
Administrative costs		-50.449	-36.575	-21.876	-11.401
Research and Development costs		-9.192	-4.023	-9.208	-4.075
Other operating expenses		-1.375	-1.387	0	0
Operating Profit		**222.128**	**142.216**	**94.686**	**59.892**
Interest and similar charges	**33**	-9.703	-3.833	-6.174	-711
Interest and related income	**29,33**	19.976	7.834	11.211	13.003
Exchange differences	**29**	-5.031	4.387	-2.052	2.998
Profit of loss from paticipations accounted for using the equity method		-3.732	-113	0	0
Operating Profit before Tax		**223.638**	**150.491**	**97.671**	**75.182**
Current Income Tax	**8**	-55.714	-47.862	-33.721	-22.300
Deferred Income Tax	**8**	-7.793	1.499	-783	-1.094
Net Profit		**160.131**	**104.128**	**63.167**	**51.788**
Attributable to:					
Equity holders of the parent		104.573	69.889	63.167	51.788
Minority interest		55.558	34.239	0	0
		160.131	**104.128**	**63.167**	**51.788**
Earnings per Share (In Euros)					
- basic and diluted	**9**	**1,33**	**0,90**	**0,80**	**0,67**
Weighted average number of shares	**9**	**78.724.242**	**77.604.619**	**78.724.242**	**77.604.619**

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BALANCE SHEET AS AT 31 December 2006	€'000	GROUP	GROUP	COMPANY	COMPANY
	Notes	31/12/06	31/12/05	31/12/06	31/12/05
ASSETS					
Non Current Assets					
Tangible fixed assets	**11**	81.594	71.126	29.146	25.015
Intangibles	**12**	88.273	46.976	18.213	20.184
Investment in subsidiaries and associates	**13**	5.411	4.811	117.265	39.942
Other financial assets	**15**	6.073	4.000	924	1.036
Deferred Tax asset	**8**	10.861	16.162	2.242	3.025
Other long term receivables	**16**	17.411	13.487	301	1.057
		209.623	**156.562**	**168.091**	**90.259**
Current Assets					
Inventories	**17**	25.034	13.307	20.573	10.901
Trade and other short term receivables	**18**	90.558	98.088	116.985	90.266
Cash and cash equivalents	**19**	467.902	157.327	242.016	21.398
		583.494	**268.721**	**379.574**	**122.565**
TOTAL ASSETS		**793.117**	**425.283**	**547.665**	**212.824**
EQUITY AND LIABILITIES					
Share Capital	**20**	29.154	28.974	29.154	28.974
Share premium	**20**	23.957	14.518	23.955	14.516
Treasury shares	**20**	856	856	856	856
Other reserves	**20**	45.099	16.819	42.863	14.428
Foreign currency translation		-3.889	-280	0	0
Retained earnings	**20**	108.699	93.480	63.585	60.848
		203.876	**154.366**	**160.413**	**119.622**
Minority interest	**20**	86.176	46.873	0	0
Total equity		**290.052**	**201.239**	**160.413**	**119.622**
Non Current Liabilities					
Long term loans	**21**	292.621	36.389	259.349	5.000
Staff retirement indemnities	**22**	1.368	1.097	735	573
Other long term provisions	**30**	5.911	0	5.911	0
Deferred Tax liabilities	**8**	3.313	980	0	0
Other long term liabilities	**24**	6.062	9.437	2	2
Finance lease obligation	**27**	729	58	0	0
		310.004	**47.961**	**265.997**	**5.575**
Current Liabilities					
Trade and other short term liabilities	**25**	113.338	105.176	70.665	68.805
Short term debt and current portion of long term debt	**26**	44.796	21.097	32.000	10.000
Current income taxes payable		25.559	26.129	18.590	8.822
Short-term provision	**30**	9.368	23.680	0	0
Total Current Liabilities		**193.061**	**176.082**	**121.255**	**87.627**
TOTAL LIABILITIES		**503.065**	**224.044**	**387.252**	**93.202**
TOTAL EQUITY AND LIABILITIES		**793.117**	**425.283**	**547.665**	**212.824**

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STATEMENTS OF CHANGES IN EQUITY For the Year Ended 31 December 2006.

Group	Share Capital	Shareholders Deposits	Share Premium	Tresury Shares	Legal Reserve	Other Reserves	Retained Earnings	Total	Minority Interest	Total
Balances as at 1/1/2006	**28.766.823**	**207.240**	**14.517.789**	**856.228**	**7.462.591**	**9.356.341**	**93.199.073**	**154.366.086**	**46.873.077**	**201.239.163**
Adjustments on the opening balances	0	0	0	0	0	0	0	0	0	0
Equity method Consol. entity	0	0	0	0	0	0	0	0	0	0
New Consolidated Entities	0	0	0	0	19.978	0	-3.678	16.300	0	16.300
Subsidiary Share Capital Increase	0	0	0	0	0	0	0	0	0	0
Period's Results	0	0	0	0	0	0	104.572.987	104.572.987	55.558.261	160.131.248
Valuation of assets available for sale	0	0	0	0	0	188.193	-132.967	55.226	0	55.226
Valuation of Derivatives	0	0	0	0	-515.108	2.129.715	0	1.614.607	0	1.614.607
Stock Options Reserves	0	0	0	0	0	11.503.600	0	11.503.600	0	11.503.600
Compound Financial Instrument Reserves	0	0	0	0	0	12.133.942	0	12.133.942	0	12.133.942
Share Capital Increase from Share premium and Share holders deposits of 2005	386.943	-207.240	9.439.031	0	0	0	0	9.618.734	0	9.618.734
Share holders deposits of 2006	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	6.275	0	-58.000.330	-57.994.055	-12.034.379	-70.028.434
Net Amounts Effected Directly Equity	0	0	0	0	0	0	-25.482.021	-25.482.021	237.294	-25.244.727
Transfer to reserves	0	0	0	0	2.177.421	171.864	-2.296.505	52.780	0	52.780
Sale of own shares	0	0	0	0	0	0	0	0	0	0
Translation differences	0	0	-227	0	-29.283	493.931	-7.046.327	-6.581.907	-4.458.272	-11.040.179
Balances as at 31/12/06	**29.153.766**	**0**	**23.956.593**	**856.228**	**9.121.873**	**35.977.586**	**104.810.232**	**203.876.278**	**86.175.981**	**290.052.259**

Group	Share Capital €'	Shareholders Deposits €'	Share Premium €'	Tresury Shares €'	Legal Reserve €'	Other Reserves €'	Retained Earnings €	Total €'	Minority Interest €'	Total €'
Balances as at 1/1/05	**14.334.609**	**774.254**	**28.173.700**	**-766.628**	**4.852.000**	**8.792.058**	**59.891.000**	**116.050.993**	**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**
Subsidiries acquisition								**0**		**0**
New Consolidated Entities						10.683	3.162.275	**3.172.958**	8.495.240	**11.668.198**
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 2005	14.432.215	-774.254	-13.657.961					**0**		**0**
Share holders deposits		207.240						**207.240**		**207.240**
Dividends							-38.318.252	**-38.318.252**	-10.943.852	**-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		-63.936	-113.512	445.957	**270.559**	-642.395	**-371.836**
Balances as at 31/12/05	**28.766.823**	**207.240**	**14.517.789**	**856.228**	**7.462.591**	**9.356.341**	**93.199.073**	**154.366.086**	**46.873.076**	**201.239.163**

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INTRALOT (in €)

	Share Capital	Shareholders Deposits	Share Premium	Tresury Shares	Legal Reserve	Other Reserves	Retained Earnings	Total
Balances as at 1/1/2006	**28.766.823**	**207.240**	**14.515.739**	**856.228**	**7.444.071**	**6.984.145**	**60.847.666**	**119.621.911**
Adjustments on the opening balances								0
Period's Results							63.167.184	63.167.184
Valuation of assets available for sale						95.597	-132.692	-37.095
Valuation of Derivatives						2.129.715		2.129.715
Stock Options Reserves						11.503.600		11.503.600
Compound Financial Instrument Reserves						12.133.942		12.133.942
Share Capital Increase from Share premium and other reserves	386.943	-207.240	9.439.031			0		9.618.734
Share holders Deposits								0
Cost of Share-Bared Payment								0
Dividends							-58.000.330	-58.000.330
Transfer to reserves					2.273.848	22.657	-2.296.505	0
Sale of own shares								0
Translation differences						275.460		275.460
Balances as at 31/12/06	**29.153.766**	**0**	**23.954.770**	**856.228**	**9.717.919**	**33.145.116**	**63.585.323**	**160.413.121**

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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 2006	Notes	GROUP €'000 31/12/06	GROUP €'000 31/12/05	COMPANY €'000 31/12/06	COMPANY €'000 31/12/05
Cash flows from operating activities					
Operating profit before tax		**223.638**	**150.491**	**97.671**	**75.182**
Adjustment for items not involving cash inflows/outflows:					
(Income from utilization of)/ expense for creation of provisions		-8.397	18.919	6.073	190
Depreciation and amortization	**6**	21.002	17.794	7.491	5.737
Unrealized exchange losses		0	604	0	0
Net result from investing activities		8.259	357	0	-420
Loss from sale / write off of assets		-17	104	-13	0
Stock Option		11.504	0	11.504	0
Interest income		-19.465	(7.834)	-11.211	-13.003
Interest expense		9.624	3.945	6.174	711
Cash flows from operating activities before changes in Working Capital		**246.148**	**184.380**	**117.689**	**68.397**
Increase in inventories		-14.769	(5.542)	-12.712	-5.677
Increase in trade and other short term receivables		8.341	(59.103)	-25.909	-38.914
Increase in trade and other short term liabilities		9.102	(30.208)	2.360	5.345
Interest paid		-8.880	(4.150)	-6.174	-711
Income taxes paid		-55.651	(35.681)	-23.953	-24.804
Cash inflows from operating activities		**184.291**	**49.697**	**51.301**	**3.636**
Cash flows from investing activities					
Purchases of intangibles	**12**	-605	(2.457)	-1.215	-1.938
Purchases of tangible assets	**11**	-21.231	(20.316)	-5.373	-11.293
Purchases of investments		-76.168	(3.181)	-78.273	-395
Proceeds from sales of assets		-319	45	0	0
Interest received		19.270	7.807	11.211	13.003
Cash outflows from investing activities		**-79.053**	**(18.101)**	**-73.650**	**-623**
Cash flows from financing activities					
Repayment of leasing obligations		671	-1.877	0	0
Proceeds from Share Capital Increase and Share Premium Deposits		9.619	209	9.619	207
Sale of own share		0	1.623	0	1.623
Cash Inflows from loans		294.262	28.353	291.348	15.000
Loan repayments		-14.331	-7.195	0	0
Dividends paid to parent company shareholders		-57.994	-38.318	-58.000	-38.318
Proceeds from L-T assets		-2.735	13.285	0	13.286
Dividends paid to minority interest shareholders		-12.034	-10.944	0	0
Cash outflows from financing activities		**217.458**	**-14.864**	**242.967**	**-8.202**
Net decrease in Cash and Cash equivalents		**322.696**	**16.735**	**220.618**	**-5.190**
Cash and Cash equivalents at beginning of year		**157.353**	**135.261**	**21.398**	**26.586**
Exch. diff. on transl. of cash & cash equivalents	**19**	**-12.147**	**5.331**	**0**	**0**
Cash and Cash equivalents at end of year		**467.902**	**157.326**	**242.016**	**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.

INTRALOT, a public company listed on the ASE, is the 2nd biggest supplier of integrated gaming and transaction processing systems, innovative game content and value added services to state-licensed gaming organizations worldwide. It's broad portfolio of products & services, its know-how of Lottery, Betting & Video Lottery operations, its experience in sports games and its leading-edge technology, give INTRALOT a competitive advantage, which contributes directly to customers' efficiency, profitability and growth. With 40 Companies, 7 business offices, more than 3,500 people and revenues of €791.4m. in 2006, INTRALOT's footprint straddles five continents.

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 are measured at fair value, or at cost in case of a non significant amount, 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 these are adopted from the EE European Parliament d.no. 1606/2002 and the European Union Council of July 19th 2002.

Financial Statements

INTRALOT keeps its accounting books and records in accordance with the Greek Corporate Law 2190/1920, the Greek Unified Chart of Accounts and Tax regulations and prepares its financial statements in accordance with the IFRS.

INTRALOT's Greek subsidiaries keep their accounting books and records and prepare their financial statements in accordance with Greek Corporate Law 2190/1920 and the IFRS, the Greek Unified Chart of Accounts and tax regulations.

INTRALOT's foreign subsidiaries keep their accounting books and records and prepare their financial statements in accordance with the applicable laws and regulations in their respective countries.

For the purposes of the consolidated financial statements, group entities' financial statements are adjusted and prepared in relation to the requirements of the IFRS.

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 adopted IFRS for the first time as described above, should had 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.

New Standards and Interpretations adoption

The accounting principles followed by the Group for the preparation of the annual financial statements of 31/12/2006 are consistent to the ones described in the published financial statements for the year ended 31/12/2005.

The group has adopted without a significant impact in the accounting principles followed all new and revised standards relevant to its operations and applicable for accounting periods starting on January 1st 2006. Up to the attached financial statements date of approval the following standards have been issued while their application date has not yet come:

- IAS 1 Presentation of financial statements (amendment): to be applied from January 1st 2007.
- IFRS 7 Financial Instruments: to be applied from January 1st 2007.
- IFRS 8 Operating Segments: to be applied from January 1st 2009.
- IFRIC 7 Applying the restatement approach IAS 29 Hyperinflationary economies: for accounting periods after March 1st 2006.
- IFRIC 8 Scope of IFRS 2: for accounting periods after May 1st 2006.
- IFRIC 9 Reassessment of embedded derivatives: for accounting periods after June 1st 2006.
- IFRIC 10 Interim financial reporting and impairment: for accounting periods after November 1st 2006.
- IFRIC 11 IFRS 2 Group and Treasury shares transactions: for accounting periods after March 1st 2007.

Approval of the Financial Statements

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 2006, on 22 March 2007.

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 finite 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 in 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 otherwise in the acquisition cost.

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 average price method.
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. The present value of the minimum future lease collection of the non cancelable contracts is given in the note 34.

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 Company 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). For any new options starting from the January 2005 and therefore IFRS 2 is applied.

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.

Deferred income tax is not measured by the Group in regards with the undistributed profits of subsidiaries, branches, associates and joint ventures due to intercompany profits, from relevant transactions, eliminations in the consolidation process.

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 2006 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 2006 in order to reduce its exposure to foreign currency change risk. At 31 December 2006 there were open positions in derivative financial instruments.

The management has decided to hedge foreign exchange risk for changes in forward rates and not in spot rates. The hedging designation was decided at the inception of the hedging instrument and is followed till the maturity. The effect of the forward points goes to equity reserves.

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 strong international presence in 34 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 2006:

December 31, 2006 (Amounts in €'000)	European Union	Other Europe	America	World (rest of)	Total	Adjustments	Consolidated
Net turnover 2006	**582.595**	**214.955**	**42.834**	**152.571**	**992.955**	**-201.507**	**791.448**
Net turnover 2005	**368.351**	**113.594**	**42.205**	**105.478**	**629.628**	**-106.664**	**522.964**
%	**58,16%**	**89,23%**	**1,49%**	**44,65%**	**57,71%**	**-**	**51,34%**
Gross Profit 2006	174.313	50.579	11.540	102.474	338.906	-20.925	317.981
Gross Profit 2005	103.490	38.158	13.237	80.014	221.093	-8.697	212.396
%	68,43%	32,55%	-12,82%	28,07%	53,29%	-	49,71%

December 31, 2005 (Amounts in €'000)	European Union	Other Europe	America	World (rest of)	Total	Adjustments	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	221.093	-8.697	212.396
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	GROUP	COMPANY	COMPANY
	€'000	€'000	€'000	€'000
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Salaries	42.157	29.734	15.232	9.855
Social security contributions	5.334	3.370	2.652	1.718
Staff retirement indemnities (Note 22)	305	252	237	140
Other staff costs	1.024	1.114	386	328
Total	**48.820**	**34.470**	**18.507**	**12.041**

Salaries & Social security contributions per cost center December 31, 2006

Group	Cost of Sales	Selling expenses	Administrative costs	Research and Development costs	Other operating expenses
Salaries	18.596	6.094	14.040	3.390	37
Social security contributions	2.242	758	1.655	667	13
Staff retir. & other	586	192	443	107	1
	21.424	7.044	16.138	4.164	51

Company	Cost of Sales	Selling expenses	Administrative costs	Research and Development costs	Other operating expenses
Salaries	5.320	1.962	4.560	3.390	0
Social security contributions	1.067	320	597	667	0
Staff retir. & other	218	80	187	139	0
	6.605	2.362	5.344	4.196	0

Salaries & Social security contributions per cost center December 31, 2005

Group	Cost of Sales	Selling expenses	Administrative costs	Research and Development costs	Other operating expenses
Salaries	13.116	4.298	9.903	2.391	26
Social security contributions	1.416	479	1.045	421	8
Staff retir. & other	603	197	455	110	1
	15.135	4.974	11.403	2.922	36

Company	Cost of Sales	Selling expenses	Administrative costs	Research and Development costs	Other operating expenses
Salaries	3.442	1.269	2.950	2.193	0
Social security contributions	691	207	387	432	0
Staff retir. & other	163	60	140	104	0
	4.297	1.537	3.477	2.730	0

The number of employees of the Company and of the Group for the year ended 31 December 2006 was 419 and 3.453 respectively (31 December 2005 was 308 and 2,710 respectively).

6. Depreciation and amortization

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

	GROUP	GROUP	COMPANY	COMPANY
	€'000	**€'000**	**€'000**	**€'000**
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Depreciation of tangible fixed assets (Note 11)	14.441	12.108	4.304	3.448
Amortization of intangibles (Note 12)	7.471	6.221	3.188	2.289
Total	**21.912**	**18.329**	**7.492**	**5.737**

Depreciation and amortization per cost center

December 31, 2006	Cost of Sales	Selling expenses	Administrative costs	Research and Development costs	Other operating expenses	Total	eliminations	Grand Total
Group	12.960	2.913	5.214	824	0	21.912	-910	21.002
Company	4.496	899	1.273	824	0	7.492		7.492

December 31, 2005	Cost of Sales	Selling expenses	Administrative costs	Research and Development costs	Other operating expenses	Total	eliminations	Grand Total
Group	10.842	2.437	4.361	689	0	18.329	-535	17.794
Company	3.443	688	975	631	0	5.737		5.737

7. Research and Development Costs

Research and development costs recognized in the consolidated income statement amount to € 9.192. thousands and in the income statement of the parent company € 9.208 thousands. (2005: € 4,023 thous. & € 4.075 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 is 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	GROUP	COMPANY	COMPANY
	€'000	€'000	€'000	€'000
	31/12/06	31/12/05	31/12/06	31/12/05
Income Statement:				
Current income taxes	55.714	47.862	33.721	22.300
Deferred income taxes	7.793	-1.499	782	1.094
Total tax expense reported in income statement	**63.507**	**46.363**	**34.503**	**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 is as follows:

	GROUP	GROUP	COMPANY	COMPANY
	€'000	€'000	€'000	€'000
	31/12/06	31/12/05	31/12/06	31/12/05
Accounting Profit before income taxes	**223.570**	**150.491**	**97.671**	**75.182**
Income taxes based on Greek statutory tax rate 29% (2005: 32%)	64.835	48.157	28.325	24.058
Adjustments in prior year amounts		-5.129		-2.377
Tax effect of disallowable for tax purposes expenses	14.926	4.240	8.956	1.907
Tax effect of losses of subsidiaries, for which deferred tax asset was not recognized	-1.596	2.917		-
Tax effect of tax free reserves		-195		-195
Tax effect of non taxable profits	-6.652	-4.079	-2.778	-
Tax effect of foreign subsidiaries' profits that are taxable at different tax rates	-9.697	-665		-
Deferred tax effect due to tax rate change	1.691	1.116		
Income taxes at effective tax rate as reported in income statement	**63.507**	**46.363**	**34.503**	**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.

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	GROUP	COMPANY	COMPANY
	€'000	€'000	€'000	€'000
	31/12/06	31/12/05	31/12/06	31/12/05
Net deferred tax asset at beginning of the year	**15.182**	**11.794**	**3.025**	**1.742**
Adjustments on prior year amount		1.468		2.377
Charge in the income statement	(7.792)	1.499	(783)	(1.094)
Effect of a subsidiary first time consolidated	40	376		
Exchange difference	118	45	-	-
Net deferred tax asset at end of the year	**7.548**	**15.182**	**2.242**	**3.025**

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

December 31, 2006	**GROUP**		**COMPANY**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	€'000	**€'000**	**€'000**	**€'000**
-Subsidiaries' tax losses carried forward	1.427			
-Inventories– Intercompany profit	2.261		438	
-Financial assets				
Long term receivables	6.343	-1.191		
-Provisions				-447
-Tangible fixed assets	43	-7.146		-4.905
-Intangibles	58	-2.710		-1.642
-Receivables	9.110	-138	9.470	
Prepayments	2.279	-479		
Long term liabilities	1.840	-975		-821
-Current Liabilities	101	-4.212		34
- ST Loans				
- Fin. Lease Liabilities	9	1		
-Staff retirement indemnities	282.832		185	
-Other	1.292			
	25.045	**-17.049**	**10.092**	**-7.850**

December 31, 2006	**Income Statement**	
	GROUP	**COMPANY**
Deferred income tax	**€'000**	**€'000**
-Prior years' tax losses utilized	-230	
--Subsidiaries' tax losses carried forward		
-Provisions	4.345	-288
-Reversal of provisions		
-Intangible assets	-1.171	-61
-Tangible Assets	1.069	185
-Other Financial assets	-80	-80
Long term receivables	1.506	821
-Receivables	1.885	450
-Inventories– impairment	-434	-438
Prepayments	351	
-Staff retirement indemnities	-69	-40
-ST Loans		
-Current Liabilities	1.520	-44
-LT Liabilities	-1.193	
-Other	294	278
Deferred Tax (income) / expense	**7.793**	**782**

December 31, 2005	**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**

December 31, 2005	**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 is as follows:

Amounts in €	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
	31/12/2006	**31/12/2006**	**31/12/2005**	**31/12/2005**
Net profit attributable to equity holders of the parent company	**104.572.987**	**63.167.184**	**69.888.537**	**51.787.949**
Weighted average number of shares	78.724.242	78.724.242	77.718.859	77.718.859
Less: Weighted average number of treasury shares	-	-	-114.240	-114.240
Weighted average number of shares outstanding	**78.724.242**	**77.814.073**	**77.604.619**	**77.604.619**
Basic earnings per share (EPS) (in Euro)	**€ 1,33**	**€ 0,80**	**0,9**	**0,67**
Weighted average number of shares outstanding (for basic EPS)	78.724.242	78.724.242	77.604.619	77.604.619
Effect of potential exercise of share options (weighted average number outstanding in the year)	43.655	43.655	112.464	112.464
Weighted average number of shares outstanding (for diluted EPS)	**78.796.438**	**78.796.438**	**77.717.083**	**77.717.083**
Diluted earnings per share (EPS) (in Euro)	**€ 1,33**	**€ 0,80**	**0,9**	**0,67**

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

December 31, 2006	**GROUP**	**COMPANY**
	€'000	**€'000**
Declared dividends of ordinary shares in the year:		
Final 2005 dividend	35.562	35.268
Interim dividend of 2006	35.079	23.346
	70.640	**58.613**
Less interim dividend of 2006 that has not been paid or approved by the Annual General Meeting of shareholders at the balance sheet date	(613)	(613)
Dividend per the Statement of changes in equity	**70.028**	**58.000**
Final 2006 dividend: € 0,66 (Company € 0,66)	**52.826**	**52.004**
Less: dividend paid as of year end	(34.832)	(22.733)
Dividend not recognized as a liability as of 31 December	**17.994**	**29.271**

The interim dividend of 2006 which had been paid as of the balance sheet date (€ 34.832 thousand) is presented together with the final 2005 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**	**Machinery and equipment**	**Transport equipment**	**Furniture and fixtures**	**Assets under construction**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
1/1/2006						
Cost	2.128	36.807	1.383	65.138	996	106.452
Accumulated amortization and impairment	-888	-11.188	-603	-22.625	-22	-35.326
Opening balance	**1.240**	**25.619**	**780**	**42.513**	**974**	**71.126**
1/1/2006						
Opening balance adjustments cost	-88	2.792	0	-2.560	0	144
Opening balance adjustments depreciation/amortization	88	-177	0	162	0	73
Adjustments 01/01/06	0	2.615	0	-2.398	0	217
PLUS						
Additions	499	8.072	467	15.489	2.921	27.448
Transfer	16	265	0	2.782	-78	2.985
New Consolidated Subsidiary (Cost)	934	-15.668	-125	14.677	3.774	3.592
MINUS						
Depreciation	-281	-2.581	-177	-10.130	-1.272	-14.441
Elimination entries	0	-5.153	0	0	0	-5.153
Impairment	-33	-6	0	-59	-16	-114
Disposal	37	0	-32	7	14	26
Write off	1	148	66	90	0	305
New Consolidated Subsidiary (Acumm. amortization)	-139	2.130	141	-534	-1.657	-59
Net exchange differences on foreign currency translation	-63	-716	-198	-3.367	5	-4.339
Net book value- 31/12/2006	**2.211**	**14.725**	**922**	**59.070**	**4.665**	**81.593**
31/12/2006						
Cost	3.489	32.268	1.725	95.526	7.613	140.621
Minus						
Accumulated Depreciation and impairment	-1.278	-17.543	-803	-36.456	-2.948	-59.028
Net book value- 31/12/2006	**2.211**	**14.725**	**922**	**59.070**	**4.665**	**81.593**

GROUP	**Buildings and installations €'000**	**Machinery and equipment €'000**	**Transport equipment €'000**	**Furniture and fixtures €'000**	**Assets under constru ction 0**	**Total €'000**
1/1/2005						
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 1/1/2005	**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	115	3.404	434	14.701	984	19.631
Transfer assets under construction	0	2.365	0	-2.732	-39	-406
Acquisition of subsidiary	0	-192	31	5	0	-156
MINUS						
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**	**Machinery and equipment**	**Transport equipment**	**Furniture and fixtures**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
1/1/2006					
Cost	428	1	9	32.175	32.613
Accumulated amortization and impairment	-321	-1	-1	-7.275	-7.598
Opening balance	**107**	**0**	**8**	**24.900**	**25.015**
1/1/2006					
Opening balance adjustments cost	0	0	0	0	0
Opening balance adjustments depreciation/amortization					
Adjusted 01/01/05	0	0	0	0	0
PLUS					
Additions	117	0	106	5.150	5.373
Transfer	0	0	0	3.041	3.041
Acquisition of subsidiary	0	0	0	0	0
MINUS					
Depreciation	-45	0	-6	-4.253	-4.304
Impairment	0	0	0	0	0
Disposal	0	0	0	21	21
Write off	0	0	0	0	0
Net exchange differences on foreign currency translation	0	0	0	0	0
Net book value-31/12/2006	**179**	**0**	**108**	**28.858**	**29.146**
31/12/2006					
Cost	545	1	115	40.366	41.027
Minus					
Accumulated Depreciation and impairment	-366	-1	-7	-11.507	-11.881
Net book value-31/12/2006	**179**	**0**	**108**	**28.858**	**29.146**

COMPANY	Buildings and installations €'000	Machinery and equipment €'000	Transport equipment €'000	Furniture and fixtures €'000	Total €'000
1/1/2005					
Cost	403	1	2	5.494	5.899
Accumulated amortization and impairment	-274	-1	-1	-3.165	-3.441
Opening balance 1/1/2005	**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 2006 the Group had no commitments for the purchase of tangible fixed assets.

12. Intangibles

GROUP	GOODWILL €'000	SOFTWARE €'000	OTHER €'000	LISENCES €'000	TOTAL €'000
1/1/2006					
Cost	2.624	25.412	6.993	29.940	64.969
Accumulated amortization and impairment	-287	-3.568	-3.928	-10.210	-17.993
Opening balance 01/01/2006	2.337	21.844	3.065	19.730	46.976
Opening balance adjustments cost	0	25	156	0	181
Opening balance adjustments depreciation/amortization	0	-26	-156	0	-182
Adjustments 01/01/06	0	-1	0	0	-1
PLUS					
Internally generated intangibles	0	219	0	0	219
Revaluation	0	1.246	-1.277	0	-31
Additions	288	5.185	20	1.114	6.607
New Consolidated Subsidiary (Cost)	0	-1.544	-976	0	-2.520
Elimination entry	45.051	0	0	0	45.051
MINUS					
Amortisation	0	-3.831	-26	-3.614	-7.471
Disposal	0	6	-500	0	-494
Impairment	0	65	6	0	71
New Consolidated Subsidiary (Acumm. amortization)	2	315	-114	0	203
Net exchange differences on foreign currency translation	0	-89	10	-257	-336
Other	0	0	0	0	0
Net book value- 31/12/2006	**47.678**	**23.415**	**208**	**16.973**	**88.274**
31/12/2006					
Cost	47.963	30.454	4.926	30.797	114.140
Minus					
Accumulated Depreciation and impairment	-285	-7.039	-4.718	-13.824	-25.866
Net book value- 31/12/2006	**47.678**	**23.415**	**208**	**16.973**	**88.274**

GROUP	GOODWILL €'000	SOFTWARE €'000	OTHER €'000	LICENSES €'000	TOTAL €'000
1/1/2005					
Cost	287	16.753	6.450	29.107	52.597
Accumulated amortization and impairment	-195	-2.525	-3.251	-5.386	-11.357
Opening balance 01/01/2005	**92**	**14.228**	**3.199**	**23.721**	**41.240**
Opening balance adjustments cost	0	4.975	1.913	0	6.888
Opening balance adjustments depreciation/amortization	0	-215	-147	0	-362
				0	
Adjustments 01/01/05	0	4.760	1.766		6.526
PLUS					
Internally generated intangibles	0	-655	-153	0	-809
Revaluation	0	1.246	-1.277	0	0
Additions	0	2.927	0	339	3.266
Elimination entry	2.337	0	0	0	2.337
MINUS					
Amortisation	-92	-878	-427	-4.824	-6.221
Disposal	0	101	-103	0	-2
Impairment	0	-50	0	0	-50
Net exchange differences on foreign currency translation	0	166	89	494	749
OTHER	0	0	-29	0	-29
Net book value- 31/12/2005	**2.337**	**21.844**	**3.065**	**19.730**	**46.976**
31/12/2005					
Cost	2.624	25.412	6.993	29.940	64.969
Minus					
Accumulated Depreciation and mpairment	-287	-3568	-3928	-10210	-17993
Net book value- 31/12/2005	**2.337**	**21.844**	**3.065**	**19.730**	**46.976**

COMPANY	**SOFTWARE €'000**	**LISENCES €'000**	**TOTAL €'000**
1/1/2006			
Cost	19.477	7.759	27.236
Accumulated amortization and impairment	-3.197	-3.854	-7.051
Opening balance 01/01/2006	**16.280**	**3.905**	**20.185**
Opening balance adjustments cost	0	0	0
Opening balance adjustments depreciation/amortization	0	0	0
Adjusted 01/01/06	0	0	0
PLUS			
Internally generated intangibles	0	0	0
Additions	715	500	1.215
Acquisition of subsidiary	0	0	0
MINUS			
Amortisation	-2.727	-461	-3.188
Disposal	0	0	0
Impairment	0	0	0
Net exchange differences on foreign currency translation	0	0	0
Net book value-31/12/2006	**14.269**	**3.944**	**18.212**
31/12/2006			
Cost	20.192	8.259	28.451
Minus			
Accumulated Depreciation and impairment	-5.924	-4.315	-10.239
Net book value-31/12/2006	**14.269**	**3.944**	**18.212**

COMPANY	SOFTWARE €'000	LISENCES €'000	TOTAL €'000
1/1/2005			
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 (in €' 000)	% Participation	Country	31/12/2006	31/12/2005
Instant Lottery S.A.	48,17%	Greece	0	2.936
Bilyoner Interactif Hizmelter As	25,00%	Τουρκία	56	58
Inovative Solutions Cons. Inc.	37,38%	Philppines	0	
Lotrich Information Co	40,00%	Taiwan	4569	
Gidani Ltd	22,50%	S.Africa	24	
Intradevelopment	47,50%	Greece		950
Bulln's	5%	Bulgaria	409	409
Other			353	458
			5.411	**4.811**

INTRALOT SA Investments in Associates in €' 000	% Participation	Country	Cost	Adj	Adjusted Cost	Adjusted Cost
			31/12/2006		31/12/2006	31/12/2005
Bilyoner Interactif Hizmelter As	25%	Turkey	300		300	300
Inovative Solutions Consultancy Group Inc	37,38%	Philippines	82		82	82
Instant Lottery S.A.	48,17%	Greece	150	-150	0	150
Intradevelopment SA	47,50%	Greece	0		0	950
Lotrich Information Co	40,00%	Taiwan	5.131		5.131	
Other			0		0	28
Total			**5.663**	**-150**	**5.513**	**1.510**

INTRALOT SA Investments in Subsidiaries in €' 000	% Participation	Country	Cost	Adj	Adjusted Cost	Adjusted Cost
			31/12/2006		31/12/2006	31/12/2005
Intralot De Chile	99,99%	Chile	9.361		9.361	9.361
Intralot Inc	85%	USA	4.423		4.423	4.423
Intralot De Peru	99,98%	Peru	5.329		5.329	512
Pollot Ltd	100%	Poland	1.755	-34	1.721	797
Intralot Holdings International Ltd	100%	Cyprus	8.464		8.464	8.464
Intralot Australia pty Ltd	100%	Australia	54		54	-
Betting Company SA	100%	Greece	139		139	139
Maltco Lotteries	73%	Malta	6.993		6.993	7.281
Intralot Betting Operations Ltd	54,95%	Cyprus	2.000		2.000	2.000
Royal Highgate Ltd	3,82%	Cyprus	182		182	131
Inteltek Internet AS	45%	Turkey	71.717		71.717	4.391
Loteria Moldovei SA	47,90%	Moldovei	1.518	-862	656	656
Intralot Asia Pacific Ltd	100,00%	Hong Kong	74		74	-
Intralot Luxemburg SA	100,00%	Luxemburg	31		31	-
Intralot New Zealand Ltd	100%	New Zealand	568		568	277
Other			327	-287	40	
Total			**112.935**	**-1.183**	**111.752**	**38.432**
Grand Total			**118.598**	**-1.333**	**117.265**	**39.942**

Group Structure

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

I. Full consolidation

	Company	Country	Direct Part'n %	Inirect Part'n %	Total Part'n %
	Intralot SA	Marousi, Attika	Parent	Parent	-
	BETTING COMPANY sa	N. Hiraklion	95%	5%	100,00%
13.	BETTING CYPRUS LTD	Nicosia, Cyprus		100%	100,00%
	INTRALOT DE CHILE SA	Santiago, Chile	99,99%		99,99%
	INTRALOT DE PERU SAC	Lima, Peru	99,98%		99,98%
	INTRALOT INC.	Atlanta, USA	85%		85,00%
	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	Nicosia, Cyprus	54,95%		54,95%
1.	ROYAL HIGHGATE LTD	Paralimni, Cyprus	3,82%	29,39%	33,21%
	POLLOT Sp.zo.o	Warsaw, Poland	100%		100,00%
	MALTCO LOTTERIES LTD	Valetta, malta	73%		73,00%
	INTRALOT HOLDINGS INTERNATIONAL LTD	Nicosia, Cyprus	100%		100,00%
2.	LOTROM SA	Bucurest, Romania		60%	60,00%
2.	YUGOLOT LTD	Belgrade, Serbia& Montenegro		100%	100,00%
2.	YUGOBET LTD	Belgrade, Serbia& Montenegro		100%	100,00%
2.	BILOT EOOD	Sofia, Bulgaria		100%	100,00%
3.	EUROFOOTBALL LTD	Sofia, Bulgaria		49%	49,00%
4.	EUROFOOTBALL PRINT LTD	Sofia, Bulgaria		49%	49,00%
2.	INTRALOT INTERNATIONAL LTD	Nicosia, Cyprus		100%	100,00%
5.	INTRALOT OPERATIONS LTD	Nicosia, Cyprus		100%	100,00%
2.	INTRALOT BUSINESS DEVELOPMENT LTD	Nicosia, Cyprus		100%	100,00%
2.	INTRALOT TECHNOLOGIES LTD	Nicosia, Cyprus		100%	100,00%
	INTELTEK INTERNET AS	Instanbul, Turkey	45%		45,00%
	LOTERIA MOLDOVEI SA	Chisinau, Moldova	47,90%		47,90%
6,7,11	TOTOLOTEK SA	Warsaw, Poland		54%	54,00%
2.	WHITE EAGLE INVESTMENTS LTD	Hertfordshire, United Kingdom		100%	100,00%
7.	BETA RIAL Sp.Zoo	Warsaw, Poland		100%	100,00%
12.	YUVENGA CJSC	Moscow, Russia		24,50%	24,50%
2.	UNICLIC LTD	Nicosia, Cyprus		50%	50,00%
12.	DOWA LTD	Nicosia, Cyprus		30%	30,00%
	INTRALOT NEW ZEALAND LTD	Wellington, New Zealand	100%		100,00%
2.	INTRALOT EGYPT LTD	Nicosia, Cyprus		88,24%	88,24%
14, 2	E.C.E.S. SAE	Cairo, Egypt		75,01%	75,01%
2.	INTRALOT OOO	Moscow, Russia		100%	100,00%
	POLDIN LTD	Warsaw, Poland	100%		100,00%
	INTRALOT ASIA PACIFIC LTD	Hong Kong	100%		100,00%
	INTRALOT AUSTRALIA PTY LTD	Melbourne, Australia	100%		100,00%
	INTRALOT SOUTH AFRICA LTD	Johannesburg, South Africa	60%		60,00%
	INTRALOT LUXEMBOURG SA	Luxemburg	100%		100,00%
2.	INTRALOT ITALIA SRL	Rome, Italia		85%	85,00%

17.	SERVICIOS TRANSDATA SA	Lima, Peru		100%	100,00%
	II. Equity method				
	Instant Lottery S.A.	Marousi, Attika	48,17%		48,17%
8.	ATROPOS SA	Marousi, Attika	3,00%	46,73%	49,73%
8,9.	AEDIL SA	Marousi, Attika		48,17%	48,17%
9,10.	BEST NET O.E.	Marousi, Attika		48,21%	48,21%
	BILYONER INTERAKTIF HIZMELTER AS (πρώην LIBERO INTERAKTIF AS)	Instanbul, Turkey	25%		25,00%
	LOTRICH INFORMATION Co. LTD	Taipei, Taiwan	40%		40,00%
	INNOVATIVE SOL. CONS. GROUP INC	Manila, Philippines	37,38%		37,38%
15.	TOTAL GAMING TECHNOLOGIES INC	Manila, Philippines		29,90%	29,90%
16.	GIDANI LTD	Johannesburg, South Africa		13,50%	13,50%
18.	DINET A.E.	Sofia, Bulgaria		48,21%	48,21%

Subsidiary of the company:

1: Intralot Betting Operations(Cyprus)Ltd

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: Στιγμιαίο Λαχείο ΑΕ

9: Άτροπος Α.Ε.

10: Ανώνυμης Εταιρείας Διανομής Λαχείων

11: Beta Rial Sp.Zoo.

12: Uniclic Ltd

13: Betting Company SA

14: Intralot Egypt LTD

15: Innovative Sol. Cons. Group Inc

16: Intralot South Africa Ltd

17: Intralot Operations Ltd

18: BEST NET O.E.

19: Intralot Business Development Ltd

Basic Financial Figures of the group entities consolidated through the equity method *(first level of consolidation)*

Basic Financial Figures		Total Assets	Liabilities	Revenue	(Profits) / Losses after Taxation
Instant Lottery S.A.	*	22.581	(27.888)	-	13.292
BILYONER INTERAKTIF HIZMELTER AS (πρώην LIBERO INTERAKTIF AS)		2.426	(2.203)	(5.598)	(25)
LOTRICH INFORMATION Co. LTD		28.561	(17.138)	-	260
INNOVATIVE SOL. CONS. GROUP INC	*	299	(908)	(17)	356

** consolidated*

The Group has of a non significant value subsidiaries and associates for which in respect with INTRALOT SA there is no ultimate parent company relationship in the form of a legal entity.

14. Acquisition of a subsidiary

Investment in Transdata SA

In the second semester of 2006, the Group acquired the 100% share of Transdata SA, a company in Peru, which keeps a distribution agents' network.

The carrying and fair value of assets and liabilities of the subsidiary Transdata SA at the date the Group acquired control were**:**

	Fair value €000	Carrying value €000
Tangible fixed assets	5	5
Cash and cash equivalents	4	4
Receivables	147	147
	156	**156**
Long term liabilities	16	16
Short term liabilities	322	322
Value of Net Assets	**(182)**	**(182)**
Group 100% participation	**(182)**	
Negative Goodwill on acquisition	483	
Consideration	**301**	
The net cash outflow is analyzed as follows:		
Cash and cash equivalents acquired	4	
Cash consideration given	(301)	
Group cash inflow	**(297)**	

In the consolidated financial statements, from the negative Goodwill of € 483 thousands, amount of 288 thousands was recognized as intangible asset, while the rest of the amount, of 195 thousands, in the equity.

From the acquisition date, Transdata SA participated in the net profit of the Group for the year ended December 31 2006 with a loss of € 525 thousands.

It should be noted that, the purchase agreement, apart from the price as above, provides for the sellers an extra bonus in case of an extraordinary company's performance for the following four years of the acquisition date. Based on the up to date available information such a consideration could not be reliably measured. Nevertheless and in any case, if any future extra bonus it is assumed that will not be significant for the financial position of the Group.

15. Other financial assets

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

	GROUP	GROUP	COMPANY	COMPANY
	€'000	€'000	€'000	€'000
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Bank of Cyprus capital investments	2.594	2.616	-	-
Foreign Government Notes	1.298	-	-	-
F.W. Woolworth & Co – Cyprus bonds	346	347	-	-
INTRAROM SA	398	398	398	398
LT tome deposit	396	-	-	-
Other	1.040	639	525	638
	6.073	**4.000**	**924**	**1.036**

During the year ended 31 December 2006 a profit for the group of € 55 thousands (2005: -133 thousands) and for the company loss (37) thousands (2005: -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 5,25% and 7% respectively, are stated at cost and the difference between carrying values and fair values at 31 December 2006 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 is stated at acquisition cost.

Other: For the company 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 (€ 421 thous) and derivatives (€ 104 thous) while for the group the respective amounts are (€ 421 thous) and derivatives (€ 619 thous).

16. Other long term receivables

Other long term receivables at 31 December 2006 are analyzed as follows:

	GROUP	GROUP	COMPANY	COMPANY
	€'000	€'000	€'000	€'000
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Receivables due from the Romanian Lottery (CNLR)	9.523	11.805	145	162
Due from related parties (Note 28)	6.168	-	-	-
Rent guarantees	587	345	134	110
Other receivables	1.134	1.337	22	785
	17.412	**13.487**	**301**	**1.057**

17. Inventories

Inventories are analyzed as follows:

	GROUP €'000	COMPANY €'000	GROUP €'000	COMPANY €'000
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Merchandise – Equipment	25.417	12.474	22.369	10.901
Other	1.414	832	-	-
	26.831	**13.306**	**22.369**	**10.901**
Impairment	(1.797)	-	(1.797)	-
	25.034	**13.306**	**20.572**	**10.901**

For the period ended December 31, 2006 the amount expensed is 24.286 thousands for the Group while the respective amount for the Company is 21.776 thousands

18. Trade and other short term receivables

	GROUP	GROUP	COMPANY	COMPANY
	€'000	**€'000**	**€'000**	**€'000**
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Trade receivables	33.218	38.537	6.115	7.618
Receivables from related parties (Note 28)	41.383	27.261	106.042	67.889
Other receivables	17.358	30.641	8.951	17.189
Less: Provisions	-6.253	-2.665	-4.358	-2.665
Prepaid expenses and other receivables	4.852	4.314	235	235
	90.558	**98.088**	**116.985**	**90.266**

The above receivables are non interest bearing.

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 2006 consist of:

	GROUP €'000 31/12/2006	GROUP €'000 31/12/2005	COMPANY €'000 31/12/2006	COMPANY €'000 31/12/2005
Cash and bank current accounts	165.557	92.130	12.333	4.505
Short term time deposits	302.345	65.197	229.683	16.893
	467.902	**157.327**	**242.016**	**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 €'000	COMPANY €'000
78.793.961 Ordinary shares of nominal value € 0,37 each *(including titles of stock option paid and confirmed in 2006 but issued in 2007)*	**29.153**	**29.153**

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 2005, 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 19.12.05 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.
Following the share option, during 2006, the share capital was increased A) 6,969,32€ with the issue of 18.836 nominal shares with a nominal value of € 0,37 each. Payment of this amount was confirmed by the Board of Directors on 18/12/2006 while the share capital increase and confirmation of this amount were approved by decisions K2- 18150/22-12-2006 and K2-18151/22-12-2006 of the Ministry of Development and B) 353.847,65€ with the issue of 956.345 nominal shares with a nominal value of € 0.37 each. Payment of this amount was confirmed by the Board of Directors on 18/12/2006 while the share capital increase and confirmation of this amount were approved by decisions K2- 18152/22-12-2006 and K2-18153/22-12-2006 of the Ministry of Development.
For comparison purposes, earnings per share (EPS) calculation as at December 31, 2005, 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 31/12/06 was € 55 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 2006 was € 3.889 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 2006 was € 9.728 thousands for the Group and € 7.280 thousands for the Company (31 December 2005 was € 9.556 thousands for the Group and € 7.258 thousands for the Company).

Compound Financial Instruments reserve
This reserve refers to the exchangeable bond (note 21: Loan A) and amounts € 12.134 thous.

Hedge reserve
This reserve concerns the results of the hedging instruments and amounts € 1.615 thous.

Stock option reserve
This reserve concerns the stock option rights granted and amounts € 11.504 thous.

21. Long Term Loans

Long term loans at 31 December 2006 are analyzed as follows:

	Currency	Interest rate	GROUP €'000	COMPANY €'000
Loan A	EURO	2,25	200.000	200.000
Loan B	EURO	3M EURIBOR+1%	70.000	70.000
Loan C	EURO	3M Euribor + 1,375%	3.090	
Loan D		3M Euribor+0.80%	20.805	
Loan E	MTL	12M Mibor + 3%	5.526	
others			42.717	30.000
			342.138	300.000
Current portion of long term loans (Note 26)			(33.866)	(25.000)
Equity Component and other IFRS Adjustments	(Loan A)		(15.651)	(15.651)
Long Term Loans			**292.621**	**259.349**

- Loan A: On December 20 2006, Intralot Luxembourg ("Issuer") issued an exchangeable bond with a face value of € 200 million maturing on December 20 2013, at which point the holder, in case the right to convert was not exercised in 2013, may opt for repayment of € 230.076.637,6 (nominal value increased by 15.04%) or conversion into 6.557.377,05 common shares of Intralot SA. Interest is payable annually in arrears at a nominal interest rate of 2.25% per annum. The exchangeable loan is listed at the Luxembourg Stock Exchange.

- Loan B: On July 2006 the parent company decided to borrow through a bond issue of 70 million EURO. The financing bears floating interest 3M Euribor plus 1% spread.
The first tranche of 70 million EURO was issued on July 2006. The bonds mature in July 2011. 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 C*: On 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 1M 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.

- *Loan D*: On November 2006, a foreign subsidiary entered into an agreement for a loan for a total amount of million 20.6 EURO which bears interest at 1M Euribor plus 0.8% spread. The loan principal is payable in equal semiannual installments from May 2007 until November 2010. The loan has been guaranteed by the parent company.

- *Loan E*: 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 4,44million was utilized. 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.

The weighted average long term loans interest rate is 4.074% in Euro and from 4% up to 11% in other currencies.
Note: Convertible Bond interest rate has not been taken under consideration in the as above calculation of the weighted average interest rate.

In regards the maturity loans are categorized as followes:
1 to 2 years : -
2 to 5 years : Loans B,Γ,Δ,Ε
5 years and more: Loan A

Long term loans at 31 December 2005 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 2006 have been reported in the income statement and amount to € 5.334 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.

Iindependent actuaries 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 2006 are as follows:

	31/12/2006 GROUP €'000	31/12/2005 GROUP €'000	31/12/2006 COMPANY €'000	31/12/2005 COMPANY €'000
Present Value of unfunded liability	1.917	1.317	1.228	766
Unrecognized actuarial losses	-549	-220	-493	-192
Net liability on the balance sheet	**1.368**	**1.097**	**735**	**574**
Components of the net retirement cost in the year:				
Current service cost	228	201	176	106
Interest	52	44	40	27
Amortization of unrecognised actuarial (gain) or loss	25	7	21	7
Benefit expense charged to income statement (Note 5)	305	252	237	140
Additional service cost	0	-	-	-
Total charge to income statement	**305**	**252**	**237**	**140**
Movement of benefit liability:				
Net liability at beginning of year	1.148	792	574	434
Service cost	228	201	176	106
Interest	52	44	40	27
Amortization of unrecognised actuarial (gain) or loss	28	7	21	7
Benefits paid	-88	-	-76	-
Subsidiary not consolidated	0	-		-
New consolidated subsidiaries	0	53		-
Present Value of the liability at end of year	**1.368**	**1.097**	**735**	**574**

Basic assumptions:

Discount rate	4,35%
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 Shareholders' General Assembly 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, 2005 and 2006 931,850, 387,830, 124,030 and 35,220 such rights for shares, were outstanding respectively under this program. In 2006 the number of rights exercised was for 18.836 shares. The outstanding rights at 31 December 2006 can be exercised until 31/12/2008, date when the program expires.

The second plan was approved by the Shareholders' General Assembly 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, the General Directors and the Managerial Officers of INTRALOT SA and its subsidiaries, at an exercise price of € 10,00. After the approve by the Shareholders' General Assembly of 22 September 2006, decided that for each year that the plan will be in operation, the Shareholders' General Assembly shall be entitled with a specific resolution, to determine the exact number of rights to be granted to the beneficiaries. In this case, the issuance rights for the first year (2006) they amount to up a 1,000,000 shares, from these exercised 956,345 shares. 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.

Share Base Payment

During the period ended 31 December 2006, the Company had two share-based payment arrangementss, IFRS 2 is applied for the second which is described below.

Type of arrangement	Directors and Managerial Officers
Date of grant	September 22, 2006
Number granted	1.000.000
Contractual life	1 year
Vesting conditions	2 years' service as at November 2006.

The estimated fair value of each value of each share option granted in the general employee share option plan is € 21,5036. This was calculated by applying the option pricing model Black & Scholes.

24. Other Long Term Liabilities

Other long term liabilities at 31 December 2006 include:

	ΟΜΙΛΟΥ €'000	ΕΤΑΙΡΙΑΣ €'000
Other financial liabilities	545	-
Guaranties	5.283	-
other	234	1
	6.062	**1**

Other long term liabilities at 31 December 2005include:

	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 €'000	GROUP €'000	COMPANY €'000	COMPANY €'000
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Trade Creditors	45.523	42.676	19.451	19.934
Amounts due to related companies (Note 28)	43.385	38.415	45.772	39.799
Winnings	293	1.535	0	-
Other payables	14.817	12.939	720	4.594
Taxes	8.742	9.372	4.194	4.239
Dividends payable	578	239	527	239
	113.338	**105.176**	**70.665**	**68.805**

The above amounts are non interest bearing.

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:

December 31, 2006	**GROUP**	**COMPANY**
	€'000	**€'000**
Available credit lines	466.831	458.100
Unutilized portion	(455.901)	(451.100)
Utilized portion	**10.930**	**7.000**
Current portion of long term loans (Note 21)	33.866	25.000
Other	-	**-**
	44.796	**32.000**

Short term loans during the year were denominated in various foreign currencies. The utilized part at 31 December 2006 was denominated by (000) €176 in USD, by € 2.013 in CLP, by € 1.430 in NZDP.

The weighted average interest on short term loans at 31 December 2006 was 4.49% and in other currencies in a range from 4% to 11%.

Interest on short term loans are included in finance cost in the Income Statement for the year ended 31 December 2006.

December 31, 2005	**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 € 265 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%.

27. Contingent Liabilities and Commitments

(a) Legal cases:

LEGAL ISSUES PENDING

a. By decision of the Arbitration Court, 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 was awarded to the subsidiary company "BETTING COMPANY S.A.". By decision of the Athens Court of Appeal the aforementioned decision of the Arbitration Court was cancelled. Following the service to the company of the Athens Court of Appeal decision, an appeal was filed by the company before the Supreme Court for the reversal of the decision of the Athens Court of Appeal; by decision of the Supreme Court this appeal was rejected and the decision of the Athens Court of Appeal was upheld.

b. An agent filed before the Multi Member First Instance Court of Athens his civil lawsuit dated 28.12.2004 against an affiliate requesting the amount of 10.633.515,39 € as a compensation for non fulfilment of contractual obligations. The case, after the adjournment of its hearing on 5.4.2006, will be heard on 2.5.2007.

c. On 4.1.2005 OPAP S.A. submitted a notice of proceedings to “Betting Company S.A.” regarding a lawsuit that was filed against OPAP S.A. before the Multi Member First Instance Court of Athens, with which the plaintiff claims the payment of the amount of €3.668.378,60 plus accrued interests from OPAP S.A., pleading that OPAP S.A. should pay this amount to him as profit, in addition to the amount already paid to him. Since “Betting Company S.A.” has a legitimate interest in OPAP S.A. winning the lawsuit, “Betting Company S.A.”, the companies INTRALOT S.A., INTRALOT INTERNATIONAL LTD and the joint venture “INTRALOT S.A.-Intralot International Ltd” proceeded to an additional joint intervention in favor of OPAP S.A.; this was scheduled for hearing on May 3, 2007 but following a petition of the plaintiff the case was heard on 1.12.2005. By its decision No 2412/2006 the Multi Member First Instance Court of Athens ruled in favour of the lawsuit of the plaintiff and, following the restriction by the plaintiff of his petition to a lawsuit for acknowledgement of the debt, the Court acknowledged the obligation of OPAP S.A to pay to the plaintiff the amount of 3,668,378.60 €. OPAP S.A and the aforementioned companies filed an appeal dated 28.06.06 for the cancellation of the said decision, the hearing of which before the Athens Court of Appeals had been initially scheduled for 11.1.2007; the hearing however has been postponed for 26 April 2007.

d. On 05.09.05 an action was served to the company, filed by the company “IPPOTOUR S.A.”, against the company and the company “OPAP S.A.”. The plaintiff “IPPOTOUR S.A.” requested to 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, 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 should be excluded from the operation and organization of betting games on horse racing. The hearing of the case has been set for 14.02.2008. By virtue of the abovementioned action the plaintiff withdrew of the action filed against the Company on 10.1.2003 with the same content, which was set to be heard on 18.05.2005, on which date the said hearing was cancelled.

e. INTRALOT filed before Multi Member First Instance Court of Athens its civil lawsuit 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 to be heard on 14.12.2006. The two lawsuits have been heard together and the issue of the decision is pending.

f. INTRALOT filed applications for injunctions dated 21.8.2006, against OPAP S.A., before the Athens Single Member Court of First Instance requesting the suspension of the tender no Δ/14954/3.10.2005 of OPAP S.A. for reasons relating to the rejection by OPAP S.A. of INTRALOT's objections concerning deficiencies of the files of the technical proposals of (a) the Union of the Companies "G-TECH Corporation" and "G-TECH Global Corporation Ltd" and (b) the Union of the Companies "Scientific Games International Inc." and "Scientific Games Worldwide Ltd", respectively. The abovementioned Court dismissed INTRALOT's applications with its decision no 8288/2006.

g. In Turkey, the company "Reklam Departmani" filed a lawsuit for the annulment of the Fixed Odds Betting tender ("FOB") that the organization Sport Toto (Genclik ve Spor Genel Mudurlugu -GSGM) conducted in relation to the establishment and operation of the risk management center of the game and the activity of the awarded company as head agency. The tender was awarded in 2003 to the 45% subsidiary company «Inteltek Internet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş» (Inteltek). Inteltek is not a party to the lawsuit but possibly its operations may be affected by the judicial outcome of the case. The lawsuit was dismissed at the first degree by "Reklam Departmani" filed an appeal which was accepted by the Court of Appeals and the case was referred for new examination to the Ankara Administrative Court. GSGM filed an appeal against the Court of Appeals decision, which was rejected. At the same time, Reklam Departmanı petitioned for the suspension and cancellation of the fixed odds betting tender, pending the outcome of the proceedings in front of the Ankara Administrative Court. The Court rejected Reklam Departmanı's petition on 18 August 2006 and Reklam Departmanı did not appeal this decision. The case is pending. At the current stage the management of Inteltek and its legal council believe that it is not practicable to issue an opinion on the conclusion of the case.

h. Moreover in Turkey, the company Gtech Avrasya Teknik Hizmet ve Musavirlik AS (Gtech) filed a lawsuit for the annulment of the above tender against GSGM and Public Tender Authority (PTA). Inteltek was not initially a party to the lawsuit but possibly its operations could be affected by the judicial outcome of the case and therefore it intervened to this judicial dispute. The lawsuit was dismissed at the first degree but Gtech filed an appeal which was accepted by the Court of Appeals and the case was referred for new examination to the Ankara Administrative Court. On 9.2.2006 Inteltek filed an appeal against the Court of Appeals decision served on it on 26.1.2006, which was rejected by virtue of the Court of Appeals decision dated 9.7.2006. On 18.7.2006 the court issued a preliminary injunction which froze the effectiveness of PTA's decision (i.e. that there have been no ground to give a decision regarding the cancellation of the aforementioned tender and rejected the request concerning the injunction of the FOB tender).

PTA, GSGM and Inteltek as well as Gtech appealed the preliminary injunctions. The Court accepted GSGM, İnteltek and Public Tender Authority's objection and dismissed the request for a preliminary injunction. Gtech has re-filed its claim for the cancellation of the FOB tender. At the same time, GSGM submitted a petition to the court on 9 October 2006 indicating that case was not filed within the applicable legal period of 60 days. GSGM also requested that the court dismiss Gtech's case and its request for a hearing.

The case has been heard before the 4th Ankara Administrative Court on November 7, 2006. The 4th Ankara Administrative Court issued its decision no 2006/2496 ruling that the tender process should have been conducted under the provisions of the legislation governing the State Provisions and it cancelled the PTA's decision concerning that there is no ground to give a decision regarding the cancellation of the aforementioned tender and rejected the grounds relating to the tender process without examining them. All parties filed appeals and suspension of execution applications against this decision before the Council of State (Danistay).

In relation to the applications for the suspension of execution, Danistay issued its decision no 2006/6042 which suspended the execution of the administrative acts relating to the tender process. Inteltek intents to apply for the correction of this decision before the competent court.

In the meantime, the Turkish Parliament voted on 22 February 2007 a new law regarding the operation of GSGM which allows the concession of its business to third entities and which provides that until 1 March 2008 an award of the organization and the operation of the game can be done. The law was published in the Official Gazette on 28 February 2007.

According to the local legislation, following the abovementioned Danistay's decision no 2006/6042 in relation to the application for the suspension of execution, GSGM had to interrupt the operation of the game and the contract and it sent, to this end, respective letters to Inteltek by virtue of which it interrupted the operation of the game on 1 March 2007. Inteltek filed for injunctions before the civil courts of Ankara claiming to suspend the execution of the above and to restitute to the previous situation. The decision is pending.

GTech has also filed another lawsuit against GSGM for the above tender which was rejected with a decision of the Ankara Administrative Court due to lack of jurisdiction. Gtech appealed this decision. Both cases are pending.

At the current stage the management of Inteltek and its legal council believe that it is not practicable to issue an opinion on the conclusion of the cases.

i. In Turkey, GSGM filed on 23.01.2006 before the First Instance Court of Ankara a declaratory action against the 45% subsidiary company Inteltek requesting to be recognized that the calculation of the player's excess payout of the fixed odds betting games, as per their contract, is effected at the end of each separate semester (as opposed to on a cumulative basis for all semesters at the end of the contract). Next hearing following the appointment of experts had been set for November 16, 2006 when the hearing was postponed for January 30, 2007 when it has been heard. The decision issued by the First Instance Court of Ankara vindicates Inteltek. Inteltek accrued 3.3 million TRY in its financial statements as of December 31, 2006 due to the probability of a negative outcome of the case.

j. In Turkey, the court Sayistay inspecting the accounts of GSGM of 2005, ruled that there were exceeding payments to Inteltek for specific operational expenses of one thousand terminals of the system, under the terms of the contracts dated 30 July 2002 and 2 October 2003, of an amount of YTL 10.670.528,78. For this reason it sent to GSGM a letter dated 19 January 2007 which was served to GSGM on 26 January 2007. Beginning 2007, GSGM started to withhold (and to keep in escrow) this amount from the amount Inteltek is entitled to under the contract dated 30 July 2002. Inteltek filed a declaratory action before the civil courts of Ankara requesting to be recognized that there is charge for same services under the two contracts and to return to itself the amounts withheld. The date of the hearing has not been set yet

k - In Poland an ex employee of the subsidiary "Totolotek Toto-Mix SA" has requested the payment of the amount of 10.200.000PLN for creation of a software that the company utilizes. According to the opinion of the lawyers handling this case, the possibility that the lawsuit is accepted is not high.

- In Poland, there is a low possibility (10%) that "Totolotek Toto-Mix SA" is obliged to return to the consultant's company IDC the amount of a letter of guarantee of 1000K USD paid to the company following its drawn request - because in 1999 IDC didn't fulfill its obligations. The total amount of the dispute is 2.998.700PLN and together with the interest is 6.410.305PLN.

- Also in Poland, there is a claim for loss of profit of Telenor Software (TTCOMM) for the amount of 85.526.710 PLN and a counter claim of the company “Totolotek Toto-Mix SA” against Telenor Software (TTCOMM) for restitution of damages (loss of profit) for the amount of 93.552.601,74PLN. According to the opinion of the lawyers handling the case the claim of the other party is excessive since there is frequent change of the evidencing documents and of the requested amount.

The management of the company “Totolotek Toto-Mix SA” and its lawyers consider that the risk for the company to be obliged to pay amounts out of the abovementioned cases is not significant and, consequently, the company has not provided any accruals in its financial statements.

l. In South Africa, the Court which reviewed the application of Uthingo has found that there were shortcomings in the information provided to the Minister by the National Lotteries Board in relation tot the individual shareholders in both Uthingo and Gidani (in which INTRALOT through its subsidiary INTRALOT SOUTH AFRICA PTY participates in) and therefore the Minister will have to reconsider the process in relation to the above.

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

(b) Unaudited Tax Years:

INTRALOT SA has been audited by the tax authorities up to 31 December 2005. With respect to INTRALOT SA subsidiaries, their books and records remain unaudited for the last 1 to 5 accounting periods.

On October 2006 a regular tax control has been finalized for the years 2004 and 2005 and additional taxes have been charged in taxes of the 2006 income statement of an amount of € 374 thousands.

The parent company as well as its major local subsidiaries have adequately provided for additional taxes and penalties that might occur from a future tax audit.

(c) Commitments:

(i) Operating lease payment commitments:

At 31 December 2006 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 2006 and amount to € 9.982 thousands. (31/12/ 2005 € 6.216 thous.)

Future minimum lease payments of non cancelable lease contracts as at 31 December 2006 are as follows:

	GROUP €'000	GROUP €'000	COMPANY €'000	COMPANY €'000
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Within 1 year	4.089	2.010	1.352	1.224
Between 2 and 5 years	10.329	10.082	5.242	8.158
Over 5 years	12	-	-	-
	14.430	**12.092**	**6.594**	**9.382**

(ii) Guarantees:

The Company and the Group at 31 December 2006 had the following contingent liabilities and guarantees for:

	GROUP €'000	GROUP €'000	COMPANY €'000	COMPANY €'000
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
(a) Purchase of tangible assets	-	-	-	-
(b) Entrance to competition fees	-	-	32.301	-
(c) Financing guarantees	57.201	7.290	102.812	21.446
(d) Good performance	47.136	53.104	26.532	32.938
(e) Return of advance payments received	-	-	-	2.283
(f) Other	203	-	203	302
	104.540	**60.394**	**161.848**	**56.969**

(iii) Financial lease payment commitments:

	GROUP				COMPANY			
FINANCE LEASES	Minimum of the lease payments	Present value of the minimum lease payments	Minimum of the lease payments	Present value of the minimum lease payments	Minimum of the lease payments	Present value of the minimum lease payments	Minimum of the lease payments	Present value of the minimum lease payments
	31/12/2006	31/12/2006	31/12/2005	31/12/2005	31/12/2006	31/12/2006	31/12/2005	31/12/2005
Within one year	606	606	58	58	-	-	-	-
After one year but not more than five years	678	678	-	-	-	-	-	-
More than five years								
Total of the lease payments	**1.284**	**1.284**	**58**	**58**	**0**	**0**	**0**	**0**

28. Related Parties

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.

Related parties transactions

	GROUP		GROUP		COMPANY		COMPANY
Amounts in thousands €	**€'000**		**€'000**		**€'000**		**€'000**
	31/12/2006		31/12/2005		31/12/2006		31/12/2005
a) Sales of goods and services	23.600		14.874		207.830		99.201
b) purchases of goods and services	46.549		11.589		51.625		20.506
c) Receivables (1)	47.151	(2)	27.261		106.042	(1)	67.889
d) Liabilities	43.385		38.415		45.772		39.799
e) Transactions and fees of key management personnel	16.781		400		13.011		400
f) Due from key management personnel	17		-		-		-
g) Due to key management personnel	206		-		-		-

The respective amounts concern:	(2)	(1)
i) Total due from related entities	43 mil.	106 mil.
(less) long term portion (Note 16)	6 mil.	-
Due from related entities (Note 18)	37 mil.	106 mil.

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 2006 he 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)

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: 10/01/2006
Contract date: 30/06/2006
Expiration: 31/12/2010
Amount: 40€ million

Position: Swap
Inception of contract: 16/01/2006
Contract date: 30/06/2006
Expiration: 31/12/2010
Amount: 10€ million

Position: Swap
Inception of contract: 17/01/2006
Contract date: 30/06/2006
Expiration: 31/12/2010
Amount: 20€ million

Position: Swap
Inception of contract: 13/10/2005
Contract date: 17/11/2005
Expiration: 17/11/2009
Amount: 20.47 € 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, 2006, from the total profit of 2.615 € million arose, € 1.001 thousands was recognized in the income statement and € 1.614 in the equity special reserve.

Forward Currency Contracts/ Currency Options

The Group has also entered in the following derivative contract which does not qualify for hedge accounting. The Company as at December 31, 2006 had one open position on forward contracts for the amount of 3.17€million. From the measurement at fair values as at December 31, 2006, a loss of 41.6€ thousand incurred, which was included in financial income/expense of the year.

Moreover, the company had one open position on forward contracts, which qualifies for hedge accounting, for the amount of 22.24€million. From the measurement at fair values as at December 31, 2006, a gain of 66.40€ incurred which was included in financial income/expense of the year and a loss of 510.70€ thousand incurred, which was included in reserves.

30. Other short and long term provisions

The balances of the other short and long term provisions represent mainly, among others, period's provisions for contingent cost excess concerning betting games at pre-determined yield.

31. Comparatives

Limited reclassifications have been performed to the comparative previous year financial data for comparison purposes.

32. Other income

	GROUP	COMPANY	GROUP	COMPANY
	31/12/2006	31/12/2006	31/12/2005	31/12/2005
rentals	855		737	
commissions	200		423	
other income from agents	1.000		96	
other	932	107	1.128	826
	2.987	107	2.384	826

33. Χρεωστικοί / Πιστωτικοί Τόκοι συναφή Έξοδα /Έσοδα

	GROUP	COMPANY	GROUP	COMPANY
	31/12/2006	31/12/2006	31/12/2005	31/12/2005
interest expense	9.703	6.057	3.833	343
derivatives	-1.026	117	-220	369
interest income	-18.949	-790	-7.614	-503
dividends	-	-10.421		-12.500
	-10.272	-5.037	-4.001	-12.291

34. Subsequent events

Within the year 2007 the acquisition of an Argentenian entity's , the Techno Action, majority has been completed. This company has a significant presence in the Argentina lottery / gaming market and provides integrated lottery and gaming systems solutions in regards with central systems betting terminals.

Within the year 2007, Inteltek, the company's subsidiary in Turkey, has signed a contract of one year with the Turkish Organisation Spor Toto for the game Idaa (betting). The game started on March 16, 2007. This contract has been signed after the Turkish parliament law based on which the the previous status Public Turkish Organisation Sport Toto organisation and operation legal obstacles are withdrawn, this after the game operation interruption by Sport Toto GSGM on the 1/3/2007.

Within the year 2007, the company has transferred from her total participation in Inteltek a percentage representing a 25% of its share capital to her newly established in 2007 subsidiary Intralot Iberia Holdings SA

The contract between OPAP SA and the Betting Company SA in regards with the fixed odds betting organization, operation and promotion has been ended on the January 29, 2007. A new contract has been signed with the same entity concerning betting software license agreement, technical infrastructure for the betting operation, consultancy services and technical support. This contract has a six moth length, from 21/1/2007 to 29/7/ 2007.

After 31 December 2006 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.

Maroussi, March 22, 2007

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. AB 606682** **H.E.C. License No. 133/A' Class**