

## INTRALOT

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

Dear shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With honor,

The President of the  
Board of Direct

Socrates P. Kokkalis