INTRALOT Group

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2012
IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

CONTENTS OF ANNUAL FINANCIAL REPORT

Representation of the Members of the Board of Directors (according to article 4 par. 2 of L.3556/2007)

The

1. Socrates P. Kokkalis, Chairman of the Board of Directors
2. Con/nos G. Antonopoulos, Vice - Chairman of the Board of Directors and CEO
3. Sotirios N. Filos , Member of the Board of Directors

CERTIFY THAT

As far as we know:

a. The enclosed financial statements of the company "INTRALOT S.A" for the year 1st January 2012 to 31st December 2012, drawn up in accordance with the applicable accounting standards, reflect in true manner the assets and liabilities, equity and results of the Company and the companies included in the consolidated financial statements taken as a total.

b. The attached Board of Directors' annual report truly presents the course, the performance and the position of the Company and the companies included in the consolidated financial statements taken as a total, including the description of the most important risks and uncertainties they are facing.

c. The attached Financial Statements are those approved by the Board of Directors of "INTRALOT S.A." at 26th March 2013 and have been published to the electronic address www.intralot.com.

Maroussi, 26th March 2013

The designees

S. P. Kokkalis	C. G. Antonopoulos	Sotirios N. Filos
Chairman of the Board of Directors	Vice - Chairman of the Board of Directors and CEO	Member of the Board

REPORT OF THE BOARD OF DIRECTORS-INTRALOT GROUP TO THE ANNUAL GENERAL ASEMBLY OF THE SHAREHOLDERS FOR THE FISCAL YEAR 01/01/2012-31/12/2012

Dear Shareholders,

INTRALOT, during 2012, not only managed to maintain its existing portfolio of contracts, but also succeeded to strengthen it by entering into some new important gaming markets.

More specifically, in Malta and following an international tender, the Company won again a 10-year license, this time, for the operation of the national lottery, maintaining in this way its presence in one of its most important markets. In Poland, INTRALOT's subsidiary Totolotek was granted new 6-year licenses to operate mutual betting, and in West Australia INTRALOT extended its contract for the provision of technology related services to Lotterywest for 3 years. In Russia, INTRALOT increased its stake to 100% (from 33% previously) in Kelicom, which holds a strategic stake in Favorit, one of the leading sports betting operators in Russia. Also, in South Africa, the subsidiary INTRALOT South Africa was awarded a sports betting license, enriching its existing activities in the country.

With regards to new markets, INTRALOT is ready to enter the German sports betting market, one of the largest in Europe, in cooperation with SGI for the support of ODDSET, subsidiary of the German State Lotteries. ODDSET will contend for one of the new national sports betting licenses in Germany. Also, INTRALOT strengthened its presence in Latin America with its entrance in the Mexican market, following its agreement with Sorteo for the development of gaming products on behalf of the National Lottery of Mexico. In addition, the Croatian State Lottery, following an international tender process, selected INTRALOT as its strategic partner for the lottery's new interactive casino type games.

In Greece, where significant reforms in the gaming market are taking place, the consortium in which INTRALOT is participating, was selected as the winning bidder for the acquisition of the exclusive 12-year license to operate the Hellenic Lotteries. The signing of the respective contract is pending regulatory approvals, including the Parliament's. INTRALOT, is also participating in the process of the sale of a 33% stake in OPAP from the HRADF. Finally, following an international tender, INTRALOT has been announced the preferred bidder for providing technology infrastructure and related services for the central system of OPAP. The signature of the relative contract is pending approval by OPAP's repeat EGM, scheduled for April 6, 2013.

Regarding the Group's financial results in 2012, revenues increased by 14,3% to €1.374,0 from €1.202,4 mil. in 2011. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) increased by 15,4%, reaching €177.5 mil. from €153.8 in 2011. Earnings before taxes increased by 2,4% to €58,4 mil. from €57,0 mil. in 2011. Earnings after taxes and after minorities were shaped to €6,1 mil. from €17,7 mil. in 2011
Concerning Parent company results, revenues were €139,6 mil. in 2012, while net income after taxes reached €3,0 mil. The Group's return on equity in 2012 was shaped at 8,62%.

Another important development for the Company was the extension of its Syndicated Loan Facility for an additional 2 years until December 2014, with competitive financial terms. The successful extension of the Facility in the difficult economic environment prevailing in the middle of 2012 is the result of INTRALOT's financial soundness and international diversification.

INTRALOT, having established a leading position in the gaming sector worldwide, is monitoring the developments in the local and international gaming markets so as to selectively undertake investment opportunities of significant interest, strengthening at the same time its portfolio with new products and services in the markets that is already active.

PERFORMANCE OF OUR MAIN MARKETS

In Italy the sports betting market in 2012 reached €3,94 bil., marginally higher compared to the previous year, despite the fact that during 2011 the European football championship took place.

Also, the gross profits of the game decreased because of the payout to the winners in the third quarter of 2012. The Company maintained its market share and its position as the largest foreign sports betting company in the country on a retail network basis, maintaining for one more time higher profitability levels than the competition. Regarding the management of the video lottery terminals (VLTs), the revenues in 2012 were satisfactory, while the Company recently won 10-year licenses to operate VLTs and AWPs in the country. Moreover, during 2012, INTRALOT enriched its portfolio of games through alternative channels with the launch of betting applications for mobile phones and television and with the launch of casino type games through the internet.

In Malta, the revenues of the lottery games that the subsidiary Maltco offers in the country slightly increased, due to the good performance of the sports betting game and KINO, while the revenues of the numerical games remained at the levels of 2011. In 2012, INTRALOT after 8 successful years of operations in Malta, won the tender for the new license to operate the National Lottery, securing its presence in the country for the next 10 years.

In Bulgaria, the revenues of the sports betting game that the subsidiary Eurofootball offers in the country showed signs of stabilization in 2012, after three declining years due to the financial crisis in the country, the 50% increase of the gaming taxation in 2010 and the intense competition from the illegal internet betting. A very positive development for Eurofootball is the fact that the process for the legalization of the internet betting has started in the country, while it has been decided that the retail and internet betting will be taxed equally. In addition, we must mention the very satisfactory performance of the dog races, which are offered from the sales network of the Company since the end of 2012.

In Romania**,** Lotrom's revenues from managing VLTs for the national lottery CNLR decreased, since they were negatively affected by the weak economic environment in the country and the increased competition. The revenues from the support of the sports betting game and the management of the Lottery's system also decreased, because the turnover of the respective games was lower than in 2011. In November 2013 expires the contract of the company with CNLR for the operation of VLTs. In case the contract is not renewed, Lotrom will lose revenue of about 80%. For the Group this loss will not be significant neither for revenues nor for profits.

In Poland, the sales of the subsidiary Totolotek decreased significantly due to the three month interruption of the betting game operation. The operation of the game started again in December 2012, when Totolotek was granted new 6-year licenses to operate mutual betting in Poland. Moreover, the company in the middle of 2012 filed an additional application for an internet betting license.

In Turkey, the turnover of the sports betting game that the subsidiary Inteltek manages, recorded significant growth for one more year, as the game's popularity is increasing and the market is still in a growth phase.

In the U.S., the revenues from the facilities management of ten state lotteries increased significantly in 2012, driven by the performance of the numerical games. The main reason of the increase was that in March and November 2012 the two largest jackpots ever in the country took place. Also, during 2012, the important electronic monitoring system project for videolotteries in Ohio commenced operations successfully.

In Argentina, the subsidiary TecnoAccion is one of the leading gaming technology companies with contracts in 11 out of the 23 states in the country. The revenues of the company from the provision of services increased in 2012 year due to the underlying lottery sales growth.

In Peru**,** where INTRALOT is the leading gaming company, total lottery sales increased significantly in 2012, mainly due to the very good performance of the betting game that the company introduced in 2011. The sales of the other games that the subsidiary Intralot de Peru offers, as well as the sales of the videolotteries that INTRALOT rolls out in the country remained relatively stable. Indicative of Intralot de Peru's successful operations is the fact that in 2012 it was awarded with a special prize for being the company with the most impressive Growth Rate in the country.

In Jamaica**,** the sales of Supreme Ventures Limited (SVL), in which INTRALOT owns a strategic stake, increased in 2012. SVL is the leading gaming company in the country that offers various numerical games, sports betting, while it also manages videolottery gaming lounges.

NEW PROJECTS – INVESTMENTS

In January 2012, INTRALOT's subsidiary in South Africa, INTRALOT South Africa, was awarded a Fixed Odds Betting license by the Western Cape Gambling and Racing Board. The License covers sports betting facilities in the area of Western Cape in South Africa and Internet, Telephone and Mobile betting for players on a countrywide basis.

In January 2012, INTRALOT announced that its wholly-owned subsidiary, INTRALOT Australia Pty Ltd., signed a 3-year contract extension with the Lotteries Commission of Western Australia (Lotterywest). Under the new contract, the current arrangement that would expire in 2013 will now extend until 2016. INTRALOT will be responsible for the supply, ongoing maintenance and on-site support of Lotterywest's integrated Gaming System.

In February 2012, INTRALOT initiated the operation of its Electronic Monitoring System, "iGEM" and related services for the monitoring of the Video Lottery Terminals that are deployed at the Supreme Ventures Limited (SVL) Gaming Lounges. The monitoring system operation services contract has an initial term of 10 years with an automatic renewal option for 5-year successive periods.

In June 2012, the Government of Malta and the Lotteries and Gaming Authority of Malta (LGA) awarded MALTCO LOTTERIES Limited (MALTCO), a subsidiary of the INTRALOT Group, with a 10-year concession to operate the National Lottery of Malta. The concession was awarded following a competitive tender process whereby MALTCO satisfied all the technical requirements and submitted the most advantageous bid.

In July 2012, following an international tender process, INTRALOT was selected by Hrvatska Lutrija d.o.o, the Croatian State Lottery, as its strategic partner for the lottery's new iCasino Project. The Croatian Lottery and INTRALOT will jointly manage the interactive casino business on a shared-profit basis for a period of four (4) years.

In July 2012, following a competitive process, 'ODS ODDSET Deutschland Sportwetten GmbH' (ODDSET) has awarded SGIin cooperation with INTRALOT with a contract for the operation of sports betting in Germany both in the retail and the interactive space. Under the agreement with SGI, INTRALOT will provide the new generation of its renowned INTRALOT Betting Platform, fully supporting the retail and the interactive operational modes, together with complete Risk Management Services and Interactive Operational Services. ODDSET is the newly established entity that will modernize and develop the existing sports betting operations in Germany, through the national retail network of the Deutsche Lotto und Toto Block lotteries, which is comprised of 23,000 points of sale. Germany's betting market is among Europe's largest and is currently undergoing regulatory reforms. As many as 15 of the country's 16 states signed the Interstate Treaty at the end of 2011 and most of these regions have already ratified it in their local parliaments. The new Treaty is in force since the beginning of July 2012. Aiming to become the leader of Germany's betting market, ODDSET will apply for one of the twenty upcoming national concessions to be issued for the organization and brokerage of sports betting for an initial period of seven (7) years.

In July 2012, INTRALOT announced the successful completion and launch of www.starcasino.it, on behalf of Betsson, a Swedish company listed on the Stockholm stock exchange, following the agreement for collaboration to support Betsson's online operations in the Italian market. The agreement comprises the provision of INTRALOT Interactive Gaming Platform, the adaptation of the customer facing gaming portal, as well as the software and system infrastructure for Sogei connectivity.

In August 2012, INTRALOT S.A. and Sorteo Games, Inc., a leading provider of electronic lottery systems and services, announced a five-year agreement to roll-out innovative gaming products for Lotería Nacional, the National Lottery of Mexico. INTRALOT has already established a strong presence in Latin America and the Caribbean and this agreement marks its entry into the Mexican market. The first gaming product to be deployed is INTRALOT's industry-leading KENO game. Under the terms of the agreement, INTRALOT will provide its technology platform, terminals and operational services to enable the implementation of KENO and, subsequently, new online games.

In August 2012, INTRALOT announced the increase of its stake in Kelicom to 100% from 33% previously. With this transaction INTRALOT gains control of FAVORIT BOOKMAKERS' OFFICE LLC (Favorit) as well as access to its extensive customer data base. Kelicom holds a strategic stake of 74,9% in Favorit, one of the leading sports betting operators in Russia. The transaction for the 67% stake in Kelicom was performed at a valuation that represents less than 1% of the Company's consolidated assets and it has been approved by the competent authorities. Favorit has a non-expiring license to run sports betting activities in Russia from the Federal Tax Service of the country.

In December 2012, the Consortium for the acquisition of the 12-year concession for the exclusive rights to the production, operation, circulation, promotion and management of the Hellenic Lotteries in Greece, announced its provisional selection as the successful bidder for the concession. The decision of the Hellenic Republic Assets Development Fund (HRADF), is subject to various regulatory approvals, including parliamentary approval. The Consortium is comprised of companies controlled by OPAP S.A., INTRALOT, Scientific Games, and Lottomatica. The Consortium, following internal deliberations, offered an upfront payment of €190 million which was accepted by the Fund. In addition, the Consortium guarantees a minimum of €580 million additional payments over the life of the 12 year concession period. Lottomatica decided to exercise its pre-existing option to dilute to one share and transferred its remaining interests to OPAP.

In December 2012, INTRALOT's subsidiary in Poland, Totolotek, was granted new 6-year licenses to operate mutual betting in Poland. These licenses will allow Totolotek to continue to manage and operate mutual betting in the country through its network of 400 points of sales.

SIGNIFICANT EVENTS AFTER THE END OF FY 2012

In January 2013, INTRALOT USA announced that the South Carolina Education Lottery (SCEL) approved an extension of its contract to continue to provide central gaming and statewide retail network systems, including associated gaming products and support services. The initial 7-year contract was extended for three additional years, until 2018, as provided in the original contract.

In January 2013, INTRALOT's subsidiary in Cyprus, Royal Highgate Public Company Limited, announced that it received an "A class" betting license, in order to continue to offer retail Betting services in the country, including the selection of sports events, odds compilation and risk management. The duration of the new license is 2 years. The license was granted according to the new Betting Law, which concerns companies that wish to offer retail betting services in the country.

In March 2013, in Spain INTRALOT repealed the betting license of its subsidiary in the Madrid region. This development has negligible effect in the financial results of the Group.

Following the recent events in Cyprus, INTRALOT discloses regarding the exposure of the Group's companies in Cyprus the following:

A. Bank Accounts
The balances of the Group's companies which were held in Cypriot banks based on the most recent data were:
Bank of Cyprus: 3 companies with the following amounts: EUR 0.48 mil, EUR 1.05 mil. and EUR 0.39 mil, respectively.
CPB: one company with EUR 0.1 mil. and 5 companies with minor amounts (between EUR 2,200 – 12,050)

B. Cypriot bank bonds
Bank of Cyprus bond booked at EUR 0.9 mil. in our accounts

C. Financials
The contribution of the activities of the Group's companies in Cyprus to the Group's revenues was 1.3% and to Ebitda 0.4% in 2012, while it is not possible to project the crisis' impact on their financials from the specific operations. In any case, they contribute a very small percentage to the consolidated financials and practically do not affect the Group's results.

RESEARCH AND DEVELOPMENT

INTRALOT invests continuously in Research and Development of innovative solutions, based on novel product design and development as well as on existing products evolution. As a result, INTRALOT's customers constantly leverage the benefits of leading-edge technology.

INTRALOT adopts proven, advanced R&D methodologies and best practices, in all system designs and implementations. R&D activities support the LOTOS O/S platform evolution (central system, terminals and telecommunications) and offer innovative solutions in sectors such as business intelligence, financial and business data management, information security, fraud detection, electronic system and casino monitoring, betting risk management, interactive gaming, subscription services, internet sales channels & media (PCs, mobile handhelds and tablets, interactive TV, social networks) and value-added services (trade transactions, news services, etc).

As a response to the growing importance of multimedia content in retail environment, LOTOS Horizon, INTRALOT's multimedia content platform for content creation, delivery, display and management is constantly enriched with addititonal innovative features. Recent enhancements include: LOTOS Horizon IRD, a multimedia player device supporting content delivery over satellite and IP networks; LOTOS Horizon Internet Miner for data retrieval of RSS feeds and weather information; and, LOTOS Horizon Retail Manager, allowing retailers to locally manage multiple available Game Streams, offering the ultimate Visual experience from start to finish.

Further, in 2012, INTRALOT introduced Gablet, an innovative multifunctional player tablet, the first device in the Lottery industry to offer Lottery Triple Play services: self-service gaming, interactive information services and digital signage. Gablet, based on tablet technology and powered by HTML5 and LOTOS Horizon, renovates retail and offers Universal Gaming Experience to the players.

INTRALOT R&D POS Department is supporting the continuous success of camera based terminals, further explores digital camera technologies, with ever increasing resolutions, for document reading, which is used in the EyeLOT and Photon terminal, and packs them with more features, such as larger reading area, larger displays and enhanced touch technology for the retailer and player convenience, while at the same time increase the products' reliability. Microlot – Intralot's most successful small terminal – undergoes through a continuous evolution with larger display, enhanced touch technology, bigger printer and integrated scanner, providing the most compact, all-in-one solution in the market. Moreover, in the area of self service terminals -a new strong trend in the Lottery industry-, INTRALOT is expanding its innovative Winstation terminal with motion detection and gesture control, for providing players with more capabilities and functionality. Recently, INTRALOT introduced Genion, the newest member of the new generation terminals, a very small in size solution aiming to cover the needs of retailers and players by offering a multi-function solution which will play a major part in the paperless lottery environment. The introduction of the iSMIB terminal allows the renovation of the older type of Video Lottery terminal by translating the legacy protocols to the G2S protocol which is the new standard protocol for the Casino and Gaming industry. In addition the iSMIB provides the ability to support Responsible Gaming techniques as well as Loyalty programs, Value Added Services and Classic Lottery games directly to the traditional VLT games player. The all-new 21.5" Self Service terminal provides the Lottery Organizations the tool to deliver the new Interactive Games suite, such as soft video games and not only, to the traditional lottery players in stunning Full HD and digital audio. The new desktop Self Service terminal focuses on player's comfort to access and play both with smart card and real money. The new desktop accommodates the very successful floor standing Coronis MP self service terminal.

Furthermore, in the area of mobile applications, INTRALOT is offering new features and functionalities utilizing the latest NFC technology for gaming participation, mobile payments and innovative promotions and marketing activities.

In the beginning of 2012, INTRALOT introduced NEFOS Intralot Cloud, a business innovating technology solution for land-based, mobile and online gaming. NEFOS is a secure, highly-available cloud solution that provides gaming operators with technological scalability, operational flexibility and resource optimization to meet their demanding business goals across all gaming channels, along with improved time-to-market efficiency and reduced costs. With NEFOS, INTRALOT undertakes the administration of the provided services, while the gaming operator easily and accurately monitors and measures cloud service use and performance.

Apart from in-house R&D, INTRALOT is cooperating with leading educational institutions. Inside the collaboration framework with AIT (Athens Information Technology – Centre for Excellence for Research and Graduate Education), several research projects have been conducted, in areas including Face Detection and Tracking as source of Marketing Analytics, Automated Content Authoring, Responsible Gaming and Collaborative Game development, among others.

As a leading partner in the Corallia Gaming Cluster, INTRALOT raised its efforts on the development of a dynamic, technology-oriented Gaming Innovation Cluster, based in Greece, and the introduction of a cooperation framework with the highly skilled human capital of the sector. INTRALOT actively supports innovation and collaboration with dynamic new entities and highly skilled engineering capital, looking forward to introducing more innovative technological solutions, pioneering gaming content and new gaming technologies.

HUMAN RESOURCES

The expansion of INTRALOT's activities and the challenge for its further growth are closely connected to an important investment in human resources. The company aims to ensure the best working conditions for its employees via transparent and meritocratic procedures, offering equal opportunities and benefits to all employees.

INTRALOT continuously ensures the diffusion of knowledge and best practices throughout the INTRALOT Group. In 2012, the Organization & Human Resources Department was distinguished for its innovative practice namely '’INTRALOT Global Live Network” at the “HR Excellence Awards 2012” organized by the Hellenic Institute of Human Resources Management of the Hellenic Management Association. '’INTRALOT Global Live Network” brought closer together all INTRALOT employees worldwide and thus enhancing the corporate culture.

INTRALOT's corporate philosophy relies on the continuous effort to establish and preserve a working environment that encourages the personal and professional development of each individual employee, leading the Company to further success and growth. INTRALOT’s multinational corporate nature offers the employees the working experience of both a local and a global corporation.

DIVIDEND

The Board of Directors of the Company will propose to the shareholders’ Annual General Assembly a dividend of € 0,002623 cent per share (before any withholding taxes) for Fiscal Year 2012.

INTRALOT AND THE INTERNATIONAL PROSPECTS OF THE GAMING SECTOR

INTRALOT, is the leading supplier of integrated gaming systems and services worldwide with presence in 53 countries on all 5 continents. It is the leading vendor in the gaming sector and at the same time a licensed lottery operator in 17 jurisdictions.

INTRALOT, as a provider of technological solutions and services to lotteries has limited international competition and there are strong barriers to entry for new players. Moreover, there are substantial opportunities for further growth arising from the liberalization of gaming markets and particularly from the rapidly evolving Internet market, from the lottery privatizations as well as from the legalization of lottery games. All these opportunities arise from the need of the governments to increase their revenues, to fund the budget deficits especially during current difficult economic circumstances. INTRALOT is closely monitoring the sector’s developments so as to selectively participate in projects with higher growth potential.

In Europe, the liberalization of gaming markets continued in 2012. The developments of the last years are part of the governments’ efforts to maximize their revenues from lotteries and to fight against illegal gaming.

- A very successful model of market liberalization was proved to be the one of Italy, where licenses were provided for the creation of a sports betting retail and Internet-based sales network. INTRALOT, after participating in this licensing procedure, managed to become the leading non-local company in the country as far as market share is concerned.

In Greece, a significant reform of the gaming market is taking place. In December 2012, the consortium in which INTRALOT is participating was selected as the successful bidder for the acquisition of the exclusive 12-year license to manage the Hellenic Lotteries. INTRALOT, is also participating in the ongoing process for the sale of a 33% stake in OPAP. In addition, OPAP, that has been granted a ten year license for the operation of 35,000 VLTs, is expected to announce a bidding procedure for the subcontracting of 18.500 VLTs to third party operators. Finally, the process for grantingthe exclusive right to organize and conduct mutual betting on horse races in Greece was launched, through an invitation to submit expressions of interest.

- In Germany, INTRALOT is ready to enter the sports betting market in the country, in cooperation with Scientific Games International for the support of ODDSET, subsidiary of the German State Lotteries. ODDSET is going to contend for one of the 20 new national sports betting licenses in Germany, for the operation of the game through its network of 23.000 points of sale throughout the country and through the Internet.

- In Bulgaria, a new gaming law was voted in 2012, which includes the regulation of the Internet market. This development is expected to strengthen the activities of the Group's subsidiary Eurofootball, which is the largest operator of sports betting in the country through a retail network.

- Among the countries that also considering the regulation of their internet gaming market are: Portugal, Netherlands, Sweden and Hungary.

INTRALOT, through its subsidiary Intralot Interactive, is the leading partner for those organizations that want to compete in a regulated interactive competitive environment, offering a Unified Player Experience, to their players. Its customers take advantage of the most robust, efficient and versatile Gaming Platform in the industry that seamlessly combines the Retail, Mobile and Home Users, connecting innovative Gaming Verticals and offering an unparallel business support to the organization for optimal customer experience.

In the U.S.A, the State of Illinois in its effort to expand and optimize its lottery market, awarded in 2010 the first license for the management of its lottery to a consortium of private companies, while in 2012 the state of Indiana awarded the second contract for the management of its lottery to a private company. Many states in U.S. have express their interest for similar management contracts with New Jersey and Pennsylvania being closer to sign such a contract. INTRALOT is monitoring these interesting developments that expand its growth opportunities in the U.S.

Another important growth driver in the U.S.A is the legalization of internet games. The current prohibition of all internet games in the country has slowly been lifted, since according to a Department of Justice legal opinion at the end of 2011, the prohibition only applies to sports betting. The above mentioned development opened the way for the introduction of internet gaming (like poker, casino type games and bingo) and for lotteries to sell its existing games through the internet. Due to the lack of a federal regulatory framework, the legalization of internet gaming proceeds on an intra-state level. Up to now, the states of Nevada, Delaware and New Jersey have authorized some form of internet gaming, while Illinois and Georgia are selling their lottery games through the internet. INTRALOT, with contracts in 10 states, is prepared to take advantage of the developments in the country and become the technology partner of the lotteries in their effort to offer internet gaming.

Recently, INTRALOT USA launched in the US market its new internet product "DeepStack Casino™", which offers the possibility in the US players to participate in casino style games by receiving cost-free chip bonuses. This new website offers interactive and social gaming content and expands the Company's portfolio beyond the traditional lottery products for which the Company is well known in the US. Legislation permitting, INTRALOT USA will also offer the platform as a B2B product to clients who want to introduce a real-money site within their regulated US jurisdictions, such as the lotteries.

In Asia, countries such as China and Vietnam have very large illegal gaming markets. The local governments have realized the potential benefits from legalizing lottery games, due to the loss of taxes and for social reasons and are now proceeding to modifications in the current legal framework governing the gaming sector. Gaming legalization in Asia can become a major growth factor for the sector. INTRALOT has a significant presence in Asia (China, South Korea, Taiwan, Philippines, and Malaysia) and it is strategically placed in the market through its participation in MelcoLot (a listed company on the Hong Kong stock exchange), which has business relationships with both of the two state lotteries in China.

PROSPECTS AND CHALLENGES FOR 2013

Optimization of existing projects
The Company, having a presence in 53 countries in all 5 continents, runs projects in advanced and mature gaming markets, but it also has contracts in developing markets and projects in immature markets but with significant growth potential. INTRALOT aims to further penetrate its existing markets with the constant improvement of its products and services and the development of new technologies. At the same time its goal is to improve the profitability of the projects, mainly by reducing the operating costs and increasing the productivity.

Performance of new signed projects
The performance of the Group will depend, among others, on the course of its new markets such as:

Germany**,** where INTRALOT is ready to enter the sports betting market in the country, in cooperation with Scientific Games International for the support of ODDSET, subsidiary of the German State Lotteries.

Greece**,** where the consortium in which INTRALOT is participating, was selected as the winning bidder for the acquisition of the exclusive 12-year license to manage the Hellenic Lotteries

The two projects for the provision of VLTs electronic monitoring system in Victoria of Australia for the connection of 27,500 VLTs and in Ohio of the U.S.A for the connection of up to 17,500 VLTs in seven racetracks.

Winners' Payouts in sports betting
INTRALOT is one of the largest sports betting operator worldwide. The winners' payout in sports betting may fluctuate in the short-term since it depends on the outcome of the events. The fluctuation of the payout may affect the financial results of INTRALOT since it represents a significant cost element for the Company.

Gaming sector and economic activity
The gaming market is affected by the economic cycles since lottery products are consumer products. However, the gaming sector is more resilient than other sectors of the economy. Specifically, during an economic downturn, frequent draw games (like KENO or VLTs) are most likely to present a reduction in revenues, while lotto type games are less affected. INTRALOT with its international expansion has achieved a significant diversification and it has reduced its dependency on individual markets and economies.

Gaming Taxation
The financial crisis has increased the budget deficits of many countries. The increase of the taxation of the lottery games constitutes sometimes an easy, but not correct in our opinion, solution for the governments in order to finance these deficits and it may affect INTRALOT's financial results.

Description of significant risks and uncertainties
The group's international activities expose its companies to a variety of financial risks, including foreign exchange, interest rate, credit and liquidity risks. Risk management is a continuous and evolving process, which focuses on the volatility of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors.

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 of credit risk amounts to the aggregate values presented in the balance sheet. In order to minimize the potential credit risk exposure arising from cash and cash equivalents, the Group sets limits regarding the amount of credit exposure to any financial institution. Moreover, in order to secure its transactions even more, the Group adopted an internal rating system, regarding credit rating evaluation, using the relevant financial indices.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group took measures to obtain certain policies to monitor the liquidity in order to hold liquid assets that can cover Group's liabilities.

Market Risk
1) Foreign Exchange risk
Fluctuations in exchange rates can have significant effects on the Group's currency positions. Group transactions are carried out in more than one currency and therefore there is a high exposure in foreign exchange rate fluctuations against the euro, which is the main underlying economic currency. On the other hand, the Group's activity abroad also helps to create a significant advantage in foreign exchange risk management, due to the diversification in the currency portfolio. This kind of risk mainly results from commercial transactions in foreign currency as well as investments in foreign entities. For managing this type of risk, the Group enters into derivative financial instruments with various financial institutions. The Group's policy regarding the foreign exchange risk concerns not only the parent company but also the Group's subsidiaries.

Sensitivity Analysis in Currency movements (amounts of FY 2012)

Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
		('000 €)	('000 €)
USD:	5%	-245	2.995
	-5%	221	-2.710
TRY:	5%	1.527	1.497
	-5%	-1.381	-1.354
PEN:	5%	321	-67
	-5%	-290	61
BRL:	5%	-279	-11
	-5%	253	10
JMD:	5%	685	1.098
	-5%	-620	-994
ARS:	5%	564	160
	-5%	-510	-145
RON:	5%	40	899
	-5%	-36	-813

2) Interest rate risk
The Group's exposure to market risk for changes in interest rates relates to long and short term borrowings. For managing this type of risk the Group enters into derivatives financial instruments. Group policy regarding the interest rate risk concerns not only the parent company but also debt that the Group's subsidiaries have raised either in Euros or in the local currency.

MATERIAL TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES:

The most important transactions between the Company and its related parties as per IAS 24 are presented on the table below:

Group	Income		Expenses	
	01/01/2012-31/12/2012	01/01/2011-31/12/2011	01/01/2012-31/12/2012	01/01/2011-31/12/2011
Intracom Holdings Group	4.450	5.469	15.106	17.161
Turkcell Group	44	26	2.681	1.500
Intralot South Africa LTD	1.941	2.533	13	0
Other related parties	2.870	2.969	5.470	687
Executives and members of the board	0	0	9.671	9.095
	9.305	10.997	32.941	28.443

Company	Income		Expenses	
	01/01/2012-31/12/2012	01/01/2011-31/12/2011	01/01/2012-31/12/2012	01/01/2011-31/12/2011
Intralot Operations LTD	1.539	3.485	214	13
Inteltek Internet AS	7.840	3.906	0	419
Intracom Holdings Group	4.342	5.465	14.868	16.342
Bilyoner Interaktif Hizmelter A.S.	2.503	1.077	0	0
Intralot Inc	1.981	914	91	143
Betting Company S.A	14	14	4.227	5.260
Lotrom S.A.	12.388	12.365	1.719	1.788
Intralot Nederland BV	3.036	1.546	22	38
Intralot South Africa LTD	1.941	3.414	13	0
Intralot International LTD	469	3.124	7.669	12.293
Tecno Accion S.A.	3.136	5.896	29	24
Maltco LTD	9.606	2.492	0	0
Intralot New Zealand LTD	2.192	1.662	0	0
Intralot Czech LTD	1.295	642	0	0
Intralot Gaming Services PTY LTD	5.192	0	0	0
Intralot Do Brazil LTDA	1.465	289	0	0
Other related parties	6.697	4.743	6.895	3.901
Executives and members of the board	0	0	5.075	5.608
	65.636	51.034	40.822	45.829

Group	Receivable		Payable	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Uniclic LTD	4.087	4.124	0	0
Intracom Holdings Group	6.920	13.894	18.543	23.518
Intralot South Africa LTD	463	1.795	0	1
Kelicom Holdings Co Ltd Group	0	4.957	0	0
Other related parties	6.729	8.396	6.509	2.949
Executives and members of the board	589	594	894	857
	18.788	33.760	25.946	27.325

Company	Receivable		Payable	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Intralot Operations LTD	47.645	58.915	225	13
Inteltek Internet A.S.	1.764	3.003	0	2.039
Intracom Holdings Group	6.230	13.354	17.835	22.544
Gaming Solutions Int. SAC	9.026	8.794	13	14
Intralot Inc	10.253	8.655	92	220

Company	Receivable		Payable	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Betting Company S.A	27	11	5.990	4.971
Betting Cyprus LTD	0	0	5.706	5.706
Intralot South Africa LTD	463	1.795	0	1
Uniclic LTD	4.346	4.346	0	0
Intralot International LTD	2.319	3.126	5.150	12.266
Pollot Sp.zoo	6.373	6.261	0	0
Intralot de Peru SAC	8.775	8.495	0	0
Intralot Holdings International LTD	39	2.574	0	0
Intralot Iberia SA Unipersona	1.069	14.911	0	0
Loteria Moldovei S.A.	2.005	1.998	0	0
Lotrom S.A.	-8.965	-10.546	2.059	1.146
Intralot Business Development LTD	12.454	12.622	0	0
Intralot Nederland B.V.	16.910	15.366	22	24
Intralot Do Brazil LTDA	13.285	10.873	0	0
Intralot Australia PTY LTD	1.579	1.384	3	0
Intralot Czech LTD	1.937	642	0	0
Intralot Lotteries LTD	18.697	0	0	0
Intralot Beijing LTD	0	0	5.397	0
Other related parties	24.395	11.880	7.167	2.893
Executives and members of the board	0	0	560	465
	180.626	178.459	50.219	52.302

From the Company sales of 2012, € 19.131 thousands (2011: € 12.965 thousands) relate to dividends received from the subsidiaries and associates Inteltek AS, Maltco LTD, Tecno Accion S.A., Intralot South Korea and Bilyoner AS.

The BoD and Key Management Personnel transactions and fees for the Group and the Company for the year 1/1/2012-31/12/2012 were € 9,6 mio and € 5,07 mio respectively.

From the information stated above and from the Financial Statements you are able to have a complete picture of the Group for the year 1/1/2012-31/12/2012.

Maroussi, 26/03/2013

Sincerely,

Constantinos G. Antonopoulos
CEO and BoD Vice President

Explanatory Report on Article 4 par. 7 of Law 3556/2007

1. *Share capital structure*.
The share capital of the Company amounts today to forty seven million six hundred eighty eight thousand five hundred sixteen euro and thirty cents (€47,688,516.30) divided by one hundred fifty eight million nine hundred sixty one thousand seven hundred twenty one (158,961,721) nominal shares at thirty cents (€0.30) each. All Company shares are introduced to the Athens Stock Exchange for negotiation, in the Large Capitalization category, under "Gaming Sector". Company shares are common registered shares with a voting right.

2. *Restrictions on company share transfer*.

Transfer of Company shares is made in accordance with the law, and the Company Statute contains no restrictions on transfer.

3.*Major direct or indirect participation pursuant to the* Articles 9 to 11 of Law 3556/2007
Socrates Kokkalis owned 20.005% of the corporate share capital as of 31/12/2012.
Konstantinos Dimitriadis owned 8.197% of the corporate share capital as of 31/12/2012.
NAKULA MANAGEMENT LTD owned 5,276% of the corporate share capital as of 31/12/2012.
All other natural or legal person / entity own no more than 5% of the corporate share capital.

4. *Shareholders with special control rights (all types of shares)*.
Corporate shares, which confer special control rights to their holders, have not been issued.

5. *Restrictions on the voting right*.
The Company Statute does not provide for restrictions on the voting right.

6. A*greements between Company Shareholders*.
The Company has no notion of agreements between its shareholders that may result in restrictions both on share transfer and on the exercise of the related voting rights.

7. BoD members' appointment rules and replacement; Statute amendments.
The rules of the Company Statute concerning appointment and replacement of corporate BoD members, as well as amendments in the Statute provisions, are conformed with Codified Law 2190/1920.

8. *BoD or BoD member responsibility for the issuance of new shares or the purchase of own shares*.

Intralot BoD is responsible for issuing new shares in the following cases:

a. According to article 5 § 2, 3 and 4 of the corporate Statute:

> *«2. Without prejudice to §3 hereof, following relevant authorization by the General Assembly, and the decision of the Board of Directors by a two third (2/3) majority, the Board of Directors is entitled to increase share capital in part or in whole by issuing new shares; the corresponding amount cannot exceed the capital paid-up at the date when the BoD was authorized. The above resolution of the General Assembly is subject to the publication obligations referred to in article 7b of the Codified Law 2190/20.*

The above authorization of the BoD may be renewed by the General Assembly for an interval not exceeding five years for each renewal; its term starts upon termination of the previous 5-year interval.

3. *Notwithstanding the provisions of the previous paragraph, if corporate reserves exceed one fourth (1/4) of the paid-up share capital, an increase of capital necessitates a resolution by the General Assembly extraordinary quorum and majority under article 15 hereof, and the relevant amendment of this article.*

4. *Increases of capital that are decided pursuant §2 hereof, do not constitute an amendment to the Statute.»*

The above right has not been conferred to the corporate BoD.

b. In the cases referred to in article 13 § 13 of the Codified Law 2190/1920 (stock options right) and in accordance with the article 7 § 3 last quotation of Articles of Association(grant stock option rights).

In any case of increase of the share capital that is not made by contribution in kind or issue of bonds with a right of their conversion into shares, a right of preference on the whole new capital or bond loan is granted, in favor of the shareholders at the time of issue, in proportion to their participation in the existent share capital.

The right of preference is exercised within the deadline, which was determined by the company body that decided the increase. This deadline with the reservation of observing the deadline for capital payment, as it is provided for in article 11 of the Codified Law 2190/1920, cannot be less than fifteen (15) days. In the case of section 6, article 13 of the Codified Law 2190/1920, the deadline for the exercise of the right of preference does not begin before the resolution taken by the board of directors for the determination of the disposal price of the new shares. After the expiry of these deadlines, the shares that have not been undertaken according to the above are freely disposed by the board of directors of the company at a price not less than the price paid by the existent shareholders. In case that the company body that decided the increase of the share capital omitted to fix the deadline for the exercise of the right of preference, this deadline or its possible extension is fixed by the board of directors by its resolution within the time limits prescribed by article 11 of the Codified Law 2190/1920.

The invitation for the exercise of the right of preference, in which the deadline within which this right should be exercised should be also mentioned, is published on the company's initiative in the Issue of Societes Anonyme and Limited Liability Companies of the Official Gazette. With the reservation of section 6, article 13 of the Codified Law 2190/1920, the invitation and the notification of the deadline for the exercise of the right of preference, according to the above, may be omitted, should at the General Meeting shareholders be present who represented the whole share capital and be informed of the deadline set for the exercise of the right of preference or who have stated their decision for the exercise or not by them of the right of preference. The publication of the invitation may be replaced by registered "upon receipt" letter, should all shares be registered.

By a resolution of the general meeting taken pursuant to the provisions of sections 3 and 4, article 29 and section 2, article 31 of the Codified Law 2190/1920, the right of preference of section 7 of the Codified Law 2190/1920 may be restricted or abolished. In order to take this decision, the board of directors is obliged to submit to the general meeting a written report, in which the reasons that impose the restriction or abolishment of the right of preference are mentioned and in which the price proposed for the issue of the new shares is justified. The resolution of the general meeting falls under the formalities on publication of article 7b of the Codified Law 2190/1920. There is no exclusion from the right of preference according to the meaning of this paragraph, when the shares are undertaken by credit institutions or enterprises of rendering investment services, which have the right to accept securities for custody, in order to be offered to the shareholders pursuant to section 7 of the Codified Law 2190/1920. Moreover, there is no exclusion from the right of preference, when the capital increase aims at the staff participation in the company's capital according to the presidential decree 30/1988 (Official Gazette 13 A').

The capital may be increased partly by contributions in cash and partly by contributions in kind. In this case, a provision of the body that decides the increase, according to which the shareholders that *contribute in kind do not participate also in the increase by contributions in cash, does not constitute exclusion of the right of preference. If the proportion of the value of the contributions in kind, in relation to the total increase, is at least the same with the proportion of the participation in the share capital of the shareholders who proceed to these contributions. In case of increase of the share capital by contributions partly in cash and partly in kind, the value of the contributions in kind should have been assessed pursuant to articles 9 and 9a of the Codified Law 2190/1920 before taking the relevant decision.*

By a resolution of the general meeting taken pursuant to the provisions of sections 3 and 4, article 29 and section 2, article 31 of the Codified Law 2190/1920, a program can be set for share disposition to the members of the board of directors and the staff of the company, as well as of the associated with it companies according to the meaning of section 5, article 42e of the Codified Law 2190/1920, in the form of option for acquiring shares, according to the conditions of this resolution, a summary of which falls under the formalities of publication of article 7b of the Codified Law 2190/1920. Persons that render to the company services on a regular basis may be also appointed as beneficiaries. The nominal value of the shares disposed according to this paragraph cannot exceed totally the one tenth (1/10) of the capital, which is paid up on the date of the resolution of the general meeting. The resolution of the general meeting provides for if for the satisfaction of the right of preference the company will proceed to increase of its share capital or if it will use shares that it acquires or has acquired pursuant to article 16 of the Codified Law 2190/1920. In any case, the resolution of the general meeting should determine the maximum number of shares that may be acquired or issued, if the beneficiaries exercise the above right, the price and conditions of share disposition to the beneficiaries, the beneficiaries or their classes and the method of determination of the acquisition price, with the reservation of section 2, article 14 of the Codified Law 2190/1920, the program duration as well as any other relevant condition. By the same resolution of the general meeting, the determination of the beneficiaries or their classes may be assigned to the board of directors as well as the way of exercising the right and any other condition of the share disposition program. The board of directors, according to the program conditions, issues to the beneficiaries who exercised their right certificates of entitlement to share acquisition and, per calendar quarter at most delivers the shares already issued or issues and delivers the shares to the above beneficiaries, increasing the share capital of the company, and it certifies the capital increase. The resolution of the board of directors for the certification of payment of capital increase is taken per calendar quarter, notwithstanding those prescribed in article 11 of the Codified Law 2190/1920. These increases of the share capital do not constitute modifications of the articles of association, and sections 7 to 11 of the article 13 of the Codified Law 2190/1920 do not apply on these. The board of directors is obliged during the last month of the corporate year, within which capital increases took place, according to those prescribed above, to adjust by its resolution the article of the articles of association on capital, so that the capital amount be provided for, as it resulted following above increases, observing the formalities on publication of article 7 b of the Codified Law 2190/1920.

The general meeting, by its resolution taken pursuant to the provisions of sections 3 and 4, article 29 and section 2, article 31 of the Codified Law 2190/1920 and fallen under the formalities on publication of article 7b of the Codified Law 2190/1920, may authorize the board of directors to set a share disposition program according to the previous paragraph, possibly increasing the share capital and taking all other relevant decisions. This authorization is valid for five (5) years, unless the general meeting determines a shorter period of its validity and it is independent of the powers of the board of directors of section 1, article 13 of the Codified Law 2190/1920. The resolution of the board of directors is taken under the conditions of section 1, article 13 of the Codified Law 2190/1920 and under the restrictions of section 13, article 13 of the Codified Law 2190/1920.

C. Pursuant to the Codified Law 2190/1920 and specifically article 16 of the above mentioned law company may acquire own shares .

By resolution of the Ordinary General Assembly of Shareholders of the Company on 16.05.12 was decided the possibility of purchase of own shares up to the percentage of 10% of the each time paid up share capital during a time period of the next 24 months starting from 16.05.12, pursuant to art. 16 of Codified Law 2190/1920, regarding the maximum and the minimum limits of the price for their acquisition and in order to provide for the possibility of holding the share for future acquisition of shares of other company. Yet from to date, the company did not buy own shares

9. *Key agreement by the Company, which becomes effective, is amended or terminated in case the Company control changes hands following a public offer, and the results of such agreement*.
There is no such agreement.

10. *Any agreement between the Company and members of its BoD or its personnel providing for indemnification in case of non-well founded resignation or dismissal or termination of mandate/ employment due to a public offer*.
There are no agreements between the Company and members of its BoD or its personnel providing for indemnification in case of non-well founded resignation or dismissal or termination of mandate/ employment due to a public offer.

CORPORATE GOVERNANCE STATEMENT

I. Reference to the Corporate Governance Code the Company is subject to and the location where this Code is available to the public.

INTRALOT (hereinafter "the Company"), is a Société Anonyme whose shares are listed in the Athens Stock Exchange.

This Corporate Governance Statement constitutes special part of the Annual Report of the Board of Directors, according to the provisions of par. 2 of article 2 of Greek Law 3873/2010.

The Company is fully compliant with the relevant national laws, provisions and regulations, as well as with its internal corporate values regarding the development of the principles of corporate governance it applies, and adjusted to what is defined by the institutional framework for corporate governance.

The meeting of 16/03/2011 of the Board of Directors approved the Corporate Governance Code, as amended and in force from the meeting of 08/03/12 of the Board of Directors to be found posted on the Company website www.intralot.com along with its English translation.

II. Reference to corporate governance practices applied by the Company in addition to provisions of the law, and reference to the location where they are published.

INTRALOT, in addition to the provisions of the Greek law included in particular in Laws 2190/1920,3016/2002,3693/2008,3884/2010 and 3873/2010, in drafting the Corporate Governance Code posted as applicable on the Company's website www.intralot.com, has considered and incorporated in its Code, and applies the best international practices for listed companies and the Principles of Corporate Governance of OECD.

III. Description of the main attributes of the Company's internal audit and risk management systems, in relation to the process of financial reports drafting.

- The BoD maintains an effective internal audit system whose purpose is to safeguard the investments and assets of the Company and to identify and resolve major risks. The internal audit system is defined as the set of procedures implemented by the Board of Directors, the Management and the employees of the Company, and aims to ensure the effectiveness and efficiency of corporate operations, the accuracy of financial reporting and the compliance with applicable legislation and regulations.

- The Board of Directors monitor and regularly review the implementation of corporate strategy. At the same time, it should regularly review the main risks faced by the company and the effectiveness of the internal audit system regarding the management of said risks. The review should comprise all vital audits, including financial and operational audits, compliance testing and the monitoring of risk management systems. The Board of Directors, through the Audit Committee, also develop direct and regular contact with external and internal auditors in order to receive regular updates from the latter in relation to the proper operation of the control system.

- The Board of Directors must certify in writing that the annual and interim financial statements reflect objectively the financial position of the company. This certification should follow the corresponding certification by the Company auditors.

- The Board of Directors is responsible for the presentation of all significant business risks related to the operation of the company, providing explanations where it deems necessary, in the preparation of annual and interim financial statements.

- The Internal Audit Service has been appointed in accordance with the requirements of the Greek legislation and the international practice, has been sufficiently staffed and assesses the adequacy of internal controls. The Internal Audit Service is independent from other business units, and in the fulfillment of its duties, all documents, divisions and employees must be made available to it. The Internal Audit Service reports to the Audit and Compliance Committee of the Board of Directors. The Internal Audit Service operates in accordance with a program established by it and approved by the Audit and Compliance Committee and the Board of Directors and submits reports on a three months basis before the publication of financial information.

- The members of the Board of Directors, through the Audit and Compliance Committee and the Internal Audit Service, are ultimately responsible for ensuring the adequacy and effectiveness of the internal control system and the monitoring and supervision of its effective implementation. The Management of the Company is responsible for the development of a strategy for the Board of Directors as regards a secure internal control system.

- The Internal Audit Service should assist in the assessment of internal control practices, while adopting a systematic and professional approach to the evaluation and improvement of the effectiveness of risk management procedures, internal audit systems and corporate governance.

Specifically,

. Risks be identified and managed effectively.
. Resources (assets) of the Company be protected and used efficiently.
. Financial and management reporting be reliable, accurate and current.
. Employees comply with the policies, procedures and standards of the Company.
. Company conformance with the regulatory framework governing its operation.

- The Internal Audit Service, throughout the audit process, presents proposals aiming to continuously improve internal control systems in order to achieve high productivity and efficiency.

IV. Information demanded by the article 10 par. 1 of Directive 2004/25/EK of the European Parliament and Council.

The information demanded by article 10 par. 1 of Directive 2004/25/EK of the European Parliament and Council is included, according to article 4 par. 7 of l. 3556/2007, in the Explanatory Report which comprises part of the Annual Report of the Board of Directors.

V. Information regarding the function of the General Meeting of shareholders and its main authorities, description of shareholders' rights and of the manner they are exercised.

The Company's General Meeting of Shareholders is its supreme instrument and has the right to decide for all matters concerning the Company. Its legal decisions are binding for shareholders who are absent or in disagreement.

The General Meeting is singularly competent to decide over:

a) the Company's extension of duration, merger, dissolution, demerger, reorganization or restoration,

b) amendments of the articles of associations

c) the increase or decrease of share capital, with the exception of cases where the Board of Directors is competent according to Law or the Articles of Association, and increases or decreases are dictated by provisions of other laws.
d) the election of members of the Board of Directors, with the exception of the case of article 22 of the Articles of Association regarding the election of members by the Board of Directors to replace resigned, deceased or members who lost their status, for the remainder of the term of the members who are being replaced, and provided that these members cannot be replaced by replacement members elected by the General Meeting.
e) the election of auditors
f) the approval of annual accounts (annual financial reports) and the appropriation of annual profit.
g) the appointment of liquidators

The General Meeting of the shareholders is convoked by the Board of Directors and assembles regularly at the Company's registered offices or in another Municipality within the Prefecture of the registered offices, at least once for every year of account and no later than six (6) months of the end of the year of account. The General Meeting may also assemble in the vicinity of the Municipality where the Athens Stock Exchange is headquartered. The Board of Directors may convene an Extraordinary General Meeting of shareholders when they deem appropriate.
The General Meeting, with the exception of repetitive meetings or those identifying with them, must be called at least twenty (20) clear days before the date of its meeting.
The invitation of the General Meeting must at least include the exact address of its location, the time and date of the meeting, a clear layout of items on the agenda, the shareholders entitled to participate, and precise instructions on how the shareholders may participate in the meeting and exercise their rights in person or by proxy. The invitation should at least also include information on the deadline for the exercise of minority rights, the record date, specifying that only persons who are shareholders on the record date are entitled to participate and cast a vote in the General Meeting, information on where the full documentation and the draft of resolutions to be proposed by the Board of Directors for every item on the agenda, and reference of the Company website, where all above information is available, as well as the forms to be used for proxy voting.
The invitation to the General Meeting must be published in whole or in summary (not failing to refer expressly to the website address, where the full text of the invitation and the information specified in par. 3 article 27 of the Codified Law 2190/1920, are available), in the printed media defined by article 26. par. 2 of C.L. 2190/1920, in the I**ssue of S.A. and L.C. of the Greek Government Gazette and on the websites of the Athens Stock Exchange and the Company, at least twenty days prior to the day of the meeting.**

Right to attend General Assemblies

A person must hold shareholder status on the beginning of the fifth day before the day of assembly of the General Meeting (record date)
A person may prove their shareholder status by presenting in writing relevant certification by the Hellenic Exchanges S.A., pursuant to article 51 of law 2396/96 or alternatively, by direct link of the company with the records of the above body. The relevant written certification or electronic authentication regarding shareholder status must be presented to the Company by the Third day before the assembly of the General Meeting, at the latest.
Further to the above, exercising the right to attend the General Assembly is not subject to blocking the shares of the shareholder or complying with any other procedure binding to the ability to sell or transfer the shares in the period between the record date and the date of the General Assembly.
Shareholders or representatives of theirs not having complied with the above may only attend the General Assembly with its permission.
Shareholders with the right to participate in the General Assembly may be represented by a legally authorized person. Legal persons may participate in the General Assembly by appointing one to three natural persons as their representatives.
The company must be notified in writing for the appointment and revocation of a representative in the same manner, at least three (3) days prior to the date of the General Meeting. The Company

should post on its website the forms shareholders must complete and present to the Company in order to appoint their representatives.

Quorum – Majority

A quorum is present and validly convening on the items of the agenda at the General Meeting when at least twenty per cent (20%) of the fully-paid share capital is represented in the meeting.
If such quorum fails to be present in the first meeting, a repetitive meeting is held within twenty (20) days of the date of postponement, by invitation with notice of at least ten (10) days. In the repetitive meeting, a quorum is present and validly convening on items of the initial agenda, regardless of the segment of the fully-paid share capital represented in the meeting.
The decisions of the General Meeting are made by absolute majority of the votes cast in the Meeting.
With the exception of decisions regarding:
a) the extension of duration, merger, demerger, reorganization, restoration or dissolution of the Company, establishing or affirming the power of the Board of Directors to increase share capital
b) the change of the Company's nationality
c) the change of the Company's purpose
d) the increase or decrease of share capital, with the exception of increases per article 5 par. 2 of the articles of association where powers are delegated to the Board of Directors
e) the issuance of loan with convertible bonds or the right to share in profits according to articles 8 and 9 of Law 3156/2003
f) the increase of shareholders liability
g) the change in the manner of appropriation of profit
h) all other cases in which, by law, a quorum is present and validly convenes on the items of the agenda at the General Meeting, when shareholders representing the two thirds (2/3) of the fully-paid share capital are present in person or by proxy. In all of the above cases, decisions are made by a majority of two thirds (2/3) of the votes represented in the Meeting.
Should the above increased quorum not be present, the General Meeting is called and meets anew within twenty (20) days of the date of the postponed meeting, and a quorum is present and validly convening on the items of the initial agenda when at least half (1/2) of the fully-paid share capital is represented in the meeting. Should this quorum also fail to be present, the Meeting is convoked and meets anew within twenty (20) days, and a quorum is present and validly convening on the items of the initial agenda, when at least one fifth (1/5) of the fully-paid share capital is represented in the meeting.
No additional invitation is required, should the time and place of the repetitive meetings in case a quorum is not present, are defined in the initial invitation.

Rights of the Shareholders

Shareholders have the right to attend General Meetings in person or by proxy, shareholder or not. Each share entitles the owner to one vote.

Priority right

In case of increase of the Company's share capital, when that increase is not happening by contribution in kind or by issue of convertible bonds, priority rights for the entire new capital or the bond issue, are granted to the shareholders at the date of issue, proportionate to their holding in the existing share capital.
According to article 13 par. 10 of l. 2190/1920, priority rights may be limited or abolished, by decision of the General Meeting of Shareholders made by an increased quorum and majority, pursuant to the provisions of articles 29 par. 3 and 4 and 31 par. 2 of L. 2190/1920.

Minority rights

Following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the board of directors is obligated to call an extraordinary general meeting of shareholders within forty five (45) days from the day that the relevant application is delivered to the chairman of the board of directors. The request should include the items of the agenda. Should the board of directors fail to call a general meeting within twenty (20) days of the delivery of said application, the requesting shareholders may call a meeting at the expense of the company, after decision of the court of first instance with jurisdiction over the area of the Company's registered offices, issued during interim measures procedure. The time and place of the meeting, as well as the items of the agenda are defined in this decision.

Following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the board of directors is obligated to record additional matters in the agenda of the general meeting that has been called, provided the relevant application reaches the board of directors at least fifteen (15) days prior to the general meeting. Pursuant to article 26 of C.L. 2190/1920, the board of directors is responsible for publishing or communicating additional matters at least seven (7) days prior to the general meeting. Should these matters fail to be published, requesting shareholders are entitled to demand that the general meeting be postponed pursuant to paragraph 3 article 39 of C.L. 2190/1920, and engage in the publication themselves as defined in the preceding paragraph, at the expense of the company.

Following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the chairman of the meeting is obligated to postpone once the adoption of resolutions by an annual or extraordinary general meeting, for all or certain items of the agenda, setting as date for the continuation of the meeting the date stated in the shareholders' request, which date cannot however be later than thirty (30) days from the date of postponement.
The general meeting standing adjourned is a continuation of the previous meeting and the formalities of publication regarding the shareholders' invitation to it need not be repeated, while new shareholders may participate to it, subject to the provisions of articles 27 par. 2 and 28 of L. 2190/1920.
Company shareholders representing at least one twentieth (1/20) of its paid up share capital have the right to request that the company be audited by the Court of First Instance with jurisdiction over the area the company is headquartered in accordance to the provisions set out in article 40 paragraph 2 of L. 2190/1920.

Following the request of any shareholder, which is submitted to the company at least five (5) clear days before the general meeting, the board of directors is obligated to provide at the general meeting the information specifically requested regarding the affairs of the company, to the extent such information is useful towards a realistic assessment of the items on the agenda. Also, following the request of shareholders representing one twentieth (1/20) of the paid up share capital, the board of directors is obligated to announce at the annual general meeting, the sums paid to each member of the board of directors or to the directors of the company in the previous two years, as well as all other benefits paid to these persons for any reason, or any contract between the company and them. In all above cases, the board of directors may refuse to disclose information with due cause, which is recorded.

Following the request of shareholders representing one fifth (1/5) of the paid up share capital, which is submitted to the company by the deadline of the preceding paragraph, the board of directors is obligated to provide information regarding company affairs and the financial standing of the company to the general meeting. In all above cases, the board of directors may refuse to provide information with due cause, which is recorded.

At the request of shareholders representing 1/20 of the paid up share capital, decisions on any item of the agenda of a general meeting are made by roll-call vote.

Shareholders representing one fifth (1/5) of the paid up share capital have the right to request that the Court of First Instance with jurisdiction over the area of the company's registered offices, audit the Company in accordance to article 40 paragraph 3 of L. 2190/1920, provided that the course of the company indicates that the management of company affairs is not exercised in an appropriate and prudent manner.

Right to Dividends

According to the articles of association, the Company must distribute annually minimum dividend equal to the minimum annual dividend projected by law (article 45 of c.l. 2190/1920), which according to article 3 of Development Law 148/1967 amounts to at least 35% of the company's net profit, following the deduction necessary for the establishment of statutory reserves.
The place and method of payment is announced in notices published in the press, the Daily Official List and the website of the ATHEX and the Company website.
Dividends are paid within two (2) months of the date of the Annual General Meeting of Shareholders which approves the Company's Financial Statements.
Dividends which remain unclaimed for a period of five years of the date they became payable, are forfeited to the State.

Rights in product of liquidation

On conclusion of the liquidation, the liquidators return the contributions of the Shareholders in accordance with the Articles of Association and distribute the balance of the Company's assets' liquidation to the Shareholders in proportion to their share in the paid-up capital of the Company.

VI. Composition and manner of operation of the board of directors and other administrative, management or supervisory bodies or committees of the Company.

The purpose of the Board is the continuous enhancement of the long-term economic value of the Company and the safeguarding of general corporate interests. The Board of Directors is responsible for deciding on all matters pertaining to the management of the Company, administering company assets and the general pursuit of the company's purposes without any limitation (apart from matters pertaining exclusively to the General Meeting) and representing the Company both judicially and extra-judicially.

Composition

The Company is managed by a Board of Directors, comprised of minimum seven (7) to eleven (11) members, who are elected by the General Meeting, which also determines the term of their service. A legal entity may also be elected to the Board.
The members of the Board of Directors are elected by shareholders for a five year term which is automatically extended until the first annual General Meeting following the end of their term and is not permitted to exceed six years but does not preclude their re-election. The replacement of all members of the Board in one General Meeting should be avoided, and the succession of members of the Board of Directors must be conducted gradually.
The names of the members of the Board of Directors submitted for election or re-election will be accompanied by sufficient biographical details and the view of the Board on the independence of the proposed Board members, in accordance with the independence criteria set out in the Law, and any other relevant information to enable shareholders to make an informed decision.
The General Meeting may also elect alternate members of the Board, with the aim to replace resigning, deceased or retiring members of the Board.
Should the replacement by alternate members, as stated above, is not possible, the remaining members of the Board of Directors, provided they constitute at least three (3), may resolve to elect new members.
Should the Board be deficient of members (due to resignation, death or any other loss of membership), the Board of Directors, provided the number of remaining members is more than half of the initial number of members, and in any event no less than three (3), may continue to manage and represent the Company, without proceeding to replacement of deficient members as stated in the previous paragraph.
The Board of Directors elects the Chairman, the Vice-Chairman and one or two Chief Executive Officers among its members. The Chairman or Vice-Chairman of the Board of Directors is not required to be an executive member of the Board of Directors.
When the Chairman is absent, unable to attend or non-existent, his responsibilities (as set out by legislation or company statute) are undertaken by the Vice-Chairman. Should the Vice-Chairman also be absent or unable to attend, the Chief Executive Officer or other Executives will preside following a resolution of the Board of Directors.
The Board of Directors is comprised of a majority of non-executive members (including at least two

independent non-executive members).
The independent non-executive members are exempt from conflicts of interest with the Company, and from close ties with Management, majority shareholders or the Company. For the duration of their term, the independent non-executive members are not permitted to hold more than 0,5% of the share capital of the Company or to maintain a dependent relationship with the Company or with persons affiliated with the Company. The independent members are elected by the General Meeting.
The Board of Directors must determine whether the candidate fulfills the independence criteria before he/she is nominated by the General Meeting of Shareholders. In determining the independence of both candidates and current members, the Board of Directors should consider that a relation of dependence exists when the member:

- is (as stipulated in Law 3016/2002), or has been an employee, senior executive or Chairman of the Board of Directors of the Company or its subsidiaries within the last three (3) years;
- receives or has received during the 12 month prior to his appointment any compensation from the Company other than board membership fees approved by the General Meeting of Shareholders of the Company;
- has (as stipulated in Law 3016/2002) or had within the past year a material business relationship with the Company or its subsidiaries, particularly as a significant client, supplier or consultant of the Company or as a partner, shareholder or board member, or senior executive of an entity that has such a relationship with the Company or its subsidiaries;
- has been the external auditor of the Company or its subsidiaries or has been a partner or employee of a firm that provides external auditing services to the Company or its subsidiaries within the last three (3) years;
- has (as stipulated in Law 3016/2002) a second degree kinship with or is the spouse of a non-independent Board members, senior executive, adviser or significant shareholder of the Company or its subsidiaries;
- controls directly or indirectly through related parties , more than 10% of the voting rights of the Company or represents a significant shareholder of the Company or its subsidiaries.

The Company's current Board of Directors consists of nine (9) members and was elected by the Annual General Meeting of shareholders of 5 May 2009, for a five-year term. Its members are:

1. Socrates P. Kokkalis, Chairman, executive member,
2. Constantinos G. Antonopoulos, Vice Chairman and CEO, executive member,
3. Andreas V. Papoulias, Director, executive member,
4. Fotios Th. Mavroudis, Director, executive member,
5. Dimitrios Ch. Klonis, Director, non-executive member,
6. Dimitrios K. Chatzigrigoriadis, Director, independent-non executive member,
7. Anastasios M. Tsoufis, Director, independent-non executive member,
8. Sotirios N. Filos, Director, independent-non executive member, and
9. Petros K. Souretis, Director, non-executive member,

The CVs of all members of the Board of Directors are available on the Company's website(www.intralot.com).

Board of Director Meetings

The Board of Directors may validly convene, in addition to the company headquarters, elsewhere in Greece or abroad. The Board of Directors may also convene via teleconference; in such case, the invitation to the Board members includes information relevant to the teleconference.
The Board of Directors shall convene with the frequency required to ensure the effective performance of its duties and at least once per month.
The Chairman will preside over meetings of the Board of Directors and in the case of being absent, the Vice-Chairman will take the chair.
The Board of Directors decides with a majority of the members either physically present and/or represented by proxy except in case of Article 5 Paragraph 2 of the Company's Articles of Association.
The discussions and the resolutions of the Board are recorded in minutes. The minutes of each session must be distributed and approved at the subsequent Board meeting. The copies of the minutes of the meeting of the Board of Directors must be signed either by the Chairman or Vice-Chairman of the Board of Directors or a General Director each of whom is also entitled to sign extracts thereof.

Responsibilities of the Board of Directors

The responsibilities of the Board of Directors are clearly defined, apart from the legislation in force, by both the Company's Articles of Association and the internal Company regulation or other internal Company documents.
The Board of Directors is responsible for deciding on all matters pertaining to the management of the Company, administering company assets and the general pursuit of the company's purposes without any limitation (apart from matters pertaining exclusively to the General Meeting) and representing the Company both judicially and extra-judicially. Responsibilities of the Board of Directors include:

- approving the overall long-term strategy and operational goals of the Company;
- approving annual budgets and business plans and deciding on major capital expenditures, acquisitions and divestitures;
- selecting and replacing, if necessary, the executive leadership of the Company and overseeing succession planning;
- monitoring the performance of the Management and aligning executive remuneration with the longer term interests of the Company and its shareholders;
- ensuring the integrity of the Company's accounts, financial reporting systems and public disclosures, as well as the effectiveness of the systems of internal control and risk management;
- being alert and adequately addressing actual and potential conflicts of interest between the Company, on the one hand, and the Management, Board members or major shareholders on the other (including shareholders with direct or indirect power to control the Board's composition and behavior); to this end, the Board should put a set of procedures in place for supervising transactions by all related persons (including transactions that must be submitted to the shareholders for approval) in order to ensure transparency and protect the Company's interests,
- ensuring that there is a satisfactory process for monitoring the Company's compliance with relevant laws and regulations;
- deciding on and monitoring the effectiveness of the Company's governance processes, including its system of decision–making and delegation of authorities and duties to other key executives, and the definition, circulation and implementation of the main values and principles of the Company which govern the relationships between all parties whose interests are associated with the Company;
- the issuance of all bond loans (which is a parallel duty of the General Meeting) except for the issuance of convertible bond loans with profit participation rights for which the General Meeting is responsible to resolve.

The Board of Directors may assign all or part of its managerial powers (except for those requiring collective action) and representation to one or more persons, either members or non-members of the Board of Directors, Company's employees or third parties, specifying the extent of the power granted. These persons may, if provided in the respective resolution of the Board of Directors, further delegate to third parties, wholly or partially, the aforementioned powers. The persons assigned with the aforementioned powers bind the Company as its corporate bodies to the full extent of the aforementioned powers.
The Board of Directors may assign committees which support its decision making process and ensure the effective management of potential conflicts of interest which may arise throughout the decision making process.

Responsibilities & Conduct of the members of the Board of Directors

Each Board member has a duty of loyalty to the Company. The Board members should act with integrity and in the best interests of the Company as well as protect the confidentiality of information that has not been disclosed to the public. They should not compete with the Company and must avoid any role or activity that creates or appears to create conflict between personal interests and the interests of the Company, including holding board or executive positions in competing companies, without the permission of the general meeting of the shareholders. The Board members contribute their expertise and devote to their duties the necessary time and attention. They should also limit the number of other professional commitments (in particular any directorship held in other companies) to the extent necessary for the satisfactory execution of their duties as members of the Board.

Finally, the members of the Board must endeavor to attend all meetings of the Board and the committees of which they are members.

The division of responsibilities between the Chairman and the Chief Executive Officer, in case that both are executive members of the Board, should be clearly established by the Board, set out in writing and communicated to the shareholders. The same applies in the event that the duties of the Chairman and Chief Executive Officer are exercised by the same person.
The Chairman should facilitate the effective contribution by non-executive Board members to the work of the Board and ensure constructive relations between executive and non-executive members.
The Chairman and/or the Vice Chairman must have meetings with the non-executive members, without the presence of the executive members, in order to discuss the performance of the latter as well as other related matters.
The Board should ensure that an induction program is established for new Board members and that continuing professional development programs are available to other Board members, if this is considered to be required.
Board members should arrange to receive regular briefings on business developments and changes in the risk profile of the Company. They should be also appraised in a timely manner of changes in laws and the market environment. Board members should engage frequently with senior executives of the Company, attending regular presentations by heads of sectors and services.
Board members should have the right to request from the Management, via the Chief Executive Officer, any information they consider necessary to fulfill their responsibilities at any point of time.
The Board should appoint an independent vice chairman from among its independent Board members where the Company chooses to:

- Combine the roles of Chairman and Chief Executive Officer; or

A former executive of the Company who is appointed as Chairman within three (3) years as from his/her retirement as executive, he/she should be considered as being an executive chairman.

The Chairman is responsible for leading the Board.
He is responsible for determining the agenda of the meetings, (without limitation to the right of the deputy of the Chairman or two of its members as stipulated in the Articles of Association of the Company to convene a meeting of the Board of Directors), ensuring the organization of activities performed by the Board, and effectively conducting Board meetings. In addition, the Chairman or, should the Chairman be a non-executive director, the Vice Chairman, is responsible for ensuring that the members of the Board are informed in a timely manner and for effectively communicating with all shareholders, as well as the fair and equitable treatment of all shareholder interests . When the Chairman is absent or unable to attend, his responsibilities are undertaken by the Vice-Chairman. Should the Vice-Chairman also be unable to attend, the Chief Executive Officer or other Executive will preside following the resolution of the Board of Directors.
A Board member's other professional commitments (including significant non-executive engagements in companies and non-profit institutions) should be disclosed to the Board before appointment. Changes to such commitments should be reported to the Board as they arise. Non-executive Board members should undertake at appointment that they will have sufficient time to meet what is expected of them.
An executive Board member's appointment as a non-executive board member in a company other than a subsidiary or a related company should be approved by the Board.
Responsibilities of executive members of the Board of Directors:
The Board of Directors selects its executive members from within its members in accordance with the law and the Company's Articles of Association and assigns to one or more members, to other corporate bodies or executives of the Company or to third parties (as per authorization of the abovementioned to this end) the daily management matters and part of its powers.
Responsibilities of non- executive members of the Board of Directors:
The Board of Directors selects its non-executive members from within its members in accordance with legislation and Company statute. The non-executive members are responsible for the advancement of corporate matters, they participate on boards and committees and are particularly responsible for upholding the principles of proper corporate governance.
The non-executive members maintain their independence as regards the matters they investigate, aiming to effectively perform their role and to create a trustworthy climate between the Board of Directors, senior executives and managers.
The non-executive members of the Board of Directors must have in-depth knowledge of both the operation and product of the Company and the broader market of the industry and should be provided with every assistance. In general, each non-executive member arranges for his/her continuing education so as to contribute effectively and efficiently to the proper and efficient operation of the Company.
At least of two of the non-executive members are elected by the General Meeting as independent

and may, if deemed necessary, submit, individually or jointly, reports or studies independent from those of the Board of Directors to the Ordinary or Extraordinary General Meeting of the Company.

Other Managerial and Supervisory Bodies

The Board of Directors may decide to establish committees governing human resources, scheduling, control or other responsibilities as it deems necessary to facilitate the purpose of the Company. The detailed terms of mandate, composition, term, the directorship and reporting frequency to the Board of Directors is determined at the time of establishment. The committees have consulting competence and submit their recommendations to the Board of Directors for due examination and action. Exceptionally, the Board of Directors may, at its discretion, delegate to these committees executive and/or decision making authorities in cases allowed by law and the Company's Articles of Association.

A. Audit and Compliance Committee

Chairman: Sotirios N. Filos, Independent non-executive member
Members: Dimitrios K. Chatzigrigoriadis, independent-non executive member,
Anastasios M. Tsoufis, independent-non executive member,

The Audit and Appliance Committee is a committee of the Board of Directors and is established with the aim to assist the Board with its supervisory responsibilities as regards financial reporting and information, the compliance of the Company and its subsidiaries to the legislative and regulatory operational framework, audit system procedures and to exercise supervision over the auditing operation.

The members of the Audit and Compliance Committee are appointed by the Board of Directors. The Audit and Compliance Committee is comprised of at least two (2) non-executive members and one independent non-executive member of the Board of Directors who presides the meetings and has experience/knowledge on finance and accounting matters.

The Audit and Compliance Committee convenes as necessary but at a minimum four times per annum on invitation of its Chairman and also meets with the Company's auditor at least twice a year and not in the presence of Company's Management.

The main responsibilities of the Audit and Compliance Committee include:

- Monitoring and evaluation of the competence of the internal audit and risk management system of the Company.
- Monitoring the findings of the Supervisory and Taxation Authorities including the responses of the Management of the Company.
- Examination of the Internal Operational Regulation of the Company every two years.
- Monitoring of the financial reporting processes.
- Monitoring of the procedures of mandatory bi-annual and annual audits of the individual and consolidated financial statements of the Company which are prepared according to the International Financial Reporting Standards (IFRS) and recommends their approval or rejection to the Board of Directors of the Company.
- Supervision of the most significant financial accounting reporting matters and the notes to the financial statements, focusing on areas and methods used to evaluate assets and liabilities which are open to subjective interpretation
- Supervision of all taxation or legal matters which may have a significant impact on financial statements.
- Examines, with the Management of the Company, the external and internal Auditors, the adequacy of Company's information systems including the significant risks and instituted controls to minimize risk.
- Recommends the external auditor or firm of auditors (the Auditor) to the Board of Directors, to enable the Board to submit its proposal to appoint an external or firm of auditors to the General Meeting.
- Ensures the independence and objectivity of the Auditor, reviewing the compliance of the firm as regards the rotation of the auditors, the fee paid by the Company and the provision

of other services (for example consulting services) by the statutory auditor or firm of auditors.
- Is informed by the Auditor or the firm of auditors, at least once a year, on each matter related to the progress and results of the statutory audit. The Committee receives a report on the weaknesses of the internal audit system, specifying the weaknesses of procedures related to financial reporting and the preparation of financial statements.
- Ensures the Board of Directors is available to internal and external auditors by acting as intermediary.
- Meets with the Auditor (either in the presence of Management or not) to discuss the aforementioned matters, potential disputes which may arise between the Auditor and Management of the Company, and any significant changes which may arise in the audit plan.
- Proposes the appointment, replacement and termination of the Internal Auditor to the Board of Directors and is responsible for the periodic evaluation of the Internal Auditor's performance.
- Receives and examines the periodic reports of the internal audit and supervises the progress of recommendations made by the Internal Auditor and adopted by Management as expressed in the respective reports.
- Examines transparency matters pertaining to the procedures connected to the awarding and execution of public tenders in accordance with current legislation while aiming to ensure transparency.
- Controls the transactions of the subsidiaries and related corporations as stipulated in article 42 of Law 2190/1920 in Greece and abroad as regards the interests and activities of the group of the Company.

The Financial Committee, which is responsible for the financial management of the Company, is a sub-committee of the Audit and Compliance Committee. More particularly, the Financial Committee is comprised of :
the Chief Financial Officer, the Director of Finance, the Accounting Director, the Subsidiaries and Business Development Director and other executives within the finance department as deemed necessary and recommends to the Audit and Compliance Committee and/or directly to the Board of Directors as follows:

a. To manage the Group's exposure to risk associated with interest rate fluctuations while taking into account the ratio between floating and fixed interest rates for the total net indebtedness of the Group.

   To manage the risk ratio of fixed-floating interest rates, the Company and/or its subsidiaries may enter into financial derivative agreements such as: Interest Rate Swaps, Interest Rate Caps, Interest Rate Collars and other financial products offered by Greek and international banks. The abovementioned products "swap" the variable interest rate with a fixed one.

b. To manage the Group's exposure to risks associated with currency exchange rate fluctuations by proposing financial derivative agreements such as: Forward Contracts, Options, Currency Swaps and other financial products offered by Greek and international banks.

   The abovementioned products "lock" the exchange rates (spot rate) of various currencies. Decisions regarding the advisability and risk management strategy are undertaken by the Financial Committee depending on the coverage percentage and market conditions and circumstances.

c. To manage risks which may arise from socio-political changes through products available on the market such as: Event Swaps - when a political event compels a business/investment interruption abroad (for example following a political resolution to expel all foreign companies), or Credit Default Swaps - when the credit-worthiness of a county deteriorates.

   The Financial Committee will recognise potential risk in a timely manner and will discern the most appropriate and effective methods to manage said risks with the use of suitable financial tools. The Committee then proposes that divisions and/or subsidiaries of the Company enter into agreements.

B. Remuneration Committee
Chairman: Sotirios N. Filos, Independent non-executive member
Members: Dimitrios K. Chatzigrigoriadis, independent-non executive member,
Anastasios M. Tsoufis, independent-non executive member,

The Board of Directors of the Company assigns the responsibility of determining the employee remuneration policy of the Company to the Remuneration Committee. The Remuneration Committee recommends levels of remuneration to the Board of Directors for executives, managers and senior executives and concurrently regulates matters associated with the overall remuneration policy of the Company.

The Remuneration committee is comprised of three (3) members the majority of whom are non-executive members. The Chairman of the Remuneration Committee is appointed by the Board of Directors and must be a non-executive member. Should an executive be a member of the Remuneration Committee, this member may not attend discussions pertaining to his/her own remuneration.

The Remuneration Committee convenes at the invitation of its Chairman as deemed necessary and at least once per annum. The main responsibilities of the Remuneration Committee are as follows:

- Proposes the remuneration policy of the Company including incentive bonuses, stock options and employee loyalty incentive programs.
- Specifically for the remuneration of executives and managers, the Committee suggests an annual salary, performance related remuneration, pension plan and severance package.
- Suggests the level and structure of senior executive remuneration. The remuneration of the internal auditor is discussed with the Audit and Compliance Committee.

C. Management Committee
The Management Committee is comprised of the Chief Executive Officer and General Directors of the Company and examines all significant Company matters, formulates proposals and decides how to address them. The role of the Management Committee is also essential in the achievement of inter-company communication, the coordination of the departments' projects and the support of the Chief Executive Officer in both an informative and advisory capacity. The Management Committee provides an accurate and complete overview of the Company, emphasizing critical operational issues, designs the development strategy of the Company and advances the implementation of major projects and objectives. The Management Committee may convene without the whole of its members on invitation of the Chief Executive Officer of the Company. Members of the Audit and Compliance Committee and senior executives may attend the meetings as deemed necessary.

Evaluation of the Board of Directors
The evaluation of the performance of the Board and its committees should take place at least every two (2) years in line with a clearly established procedure. The evaluation exercise should be led by the Chairman of the Board (or should the Chairman be a non-executive member, the Vice-Chairman of the Board of Directors) and of every committee, while following the evaluation, the Chairman should act on the results of the performance evaluation by addressing the weaknesses of the Board.

TABLE OF MEMBERS' ATTENDANCE IN DECISION MAKING PROCEDURES OF THE BOARD OF DIRECTORS AND COMMITTEES

FULL NAME	48 PARTICIPATIONS IN DECISION MAKING PROCEDURES OF THE BoD		7 MEETINGS OF THE AUDIT & COMPLIANCE COMMITTEE		3 MEETINGS OF THE REMUNERATION COMMITTEE	
	PRESENT	ABSENT	PRESENT	ABSENT	PRESENT	ABSENT
SOCRATES KOKKALIS	45	3				
CONSTANTINOS ANTONOPOULOS	48					
ANDREAS PAPOULIAS	48					
FOTIOS MAVROUDIS	48					
DIMITRIOS KLONIS	45	3				
DIMITRIOS CHATZIGRIGORIADIS	48		7		3	
ANASTASIOS TSOUFIS	48		7		3	
SOTIRIOS FILOS	48		7		3	
PETROS SOURETIS	48					

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company «INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES»

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Company INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES, which comprise the separate and consolidated statement of financial position as of 31 December 2012, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated 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 separate and consolidated 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 system of 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 separate and consolidated 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 separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES and its subsidiaries as of 31 December 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference to Other Legal and Regulatory Requirements

a) The Report of the Board of Directors includes a corporate governance statement which provides all information set out in paragraph 3d of article 43a of c.L. 2190/1920.
b) We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying separate and consolidated financial statements, under the legal frame of the articles 43a, 108 and 37 of c.L. 2190/1920.

Athens, 27 March 2013

Georgios And. Karamichalis
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 15931

SOL
CERTIFIED PUBLIC ACCOUNTANTS
Crowe Horwath.

Associated Certified Public Accountants s.a.
member of Crowe Horwath International
3, Fok. Negri Street – 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

STATEMENT OF COMPREHENSIVE INCOME GROUP/COMPANY

Amounts reported in thousands €		GROUP		COMPANY	
	Note	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Sale Proceeds		1.374.021	1.202.354	139.599	131.718
Less: Cost of Sales		-1.130.994	-990.123	-88.239	-91.877
Gross profit /(loss)		**243.027**	**212.231**	**51.360**	**39.841**
Other Operating Income		18.602	28.452	517	1.074
Selling Expenses		-43.124	-38.242	-7.069	-7.254
Administrative Expenses		-118.315	-108.317	-10.214	-9.524
Research and Development Expenses	7	-10.326	-9.710	-8.274	-6.735
Other Operating Expenses		-9.906	-12.526	-19.563	-12.541
EBIT		**84.730**	**79.799**	**7.257**	**4.812**
EBITDA		**177.536**	**153.806**	**21.873**	**19.362**
Interest and similar charges	32	-43.284	-35.855	-24.289	-25.143
Interest and related Income	32	22.484	22.109	25.530	26.293
Exchange Differences		-831	-605	-1.736	109
Profit/(loss) equity method consolidations		95	-499	0	0
Operating Profit/(Loss) before tax		**58.422**	**57.038**	**6.262**	**6.120**
Less Taxes:	8	-25.365	-21.453	-3.284	-4.515
Net Profit / (loss) from Continuing Operations (a)		**33.057**	**35.585**	**2.978**	**1.605**
Net Profit / (loss) from Discontinuing Operations (b)		**0**	**0**	**0**	**0**
Net Profit / (loss) (Continuing and Discontinuing Operations) (a) + (b)		**33.057**	**35.585**	**2.978**	**1.605**
Attributable to:					
Owners of the parent		6.116	17.701	2.978	1.605
Non-Controlling Interest		26.941	17.884	0	0
Other comprehensive income after tax					
Valuation of Available for Sale financial instruments		-2.701	304	37	-1.429
Derivatives valuation		1.999	190	649	297
Exchange differences on translating foreign operations		-4.967	-4.385	0	0
Total comprehensive income/ (expense) after tax		**-5.669**	**-3.891**	**686**	**-1.132**
Total income after tax		**27.388**	**31.694**	**3.664**	**473**
Attributable to:					
Owners of the parent		2.887	17.293	3.664	473
Non-Controlling Interest		24.501	14.401	0	0
Earnings after taxes per share (in €)					
-basic	9	0,0385	0,1114	0,0187	0,0101
-diluted	9	0,0385	0,1114	0,0187	0,0101
Weighted average number of shares	9	158.961.721	158.961.721	158.961.721	158.961.721

INTRALOT S.A.

STATEMENT OF FINANCIAL POSITION GROUP/COMPANY

Amounts reported in thousand €		**GROUP**			**COMPANY**	
	Note	**31/12/2012**	**31/12/2011**		**31/12/2012**	**31/12/2011**
ASSETS						
Non Current Assets						
Tangible fixed assets	**11**	240.693	263.640		15.507	24.513
Intangible assets	**12**	363.824	285.436		50.602	43.852
Investment in subsidiaries and associates	**13**	40.217	26.967		158.008	148.647
Other financial assets	**15**	4.913	34.190		757	968
Deferred Tax asset	**8**	21.259	12.318		8.918	7.129
Other long term receivables	**16**	87.950	98.938		445	447
		758.856	**721.489**		**234.237**	**225.556**
Current Assets						
Inventories	**17**	43.533	47.067		31.060	37.003
Trade and other short term receivables	**18**	172.739	175.108		194.355	198.110
Other financial assets	**15**	4.706	0		790	0
Cash and cash equivalents	**19**	134.973	142.498		5.254	14.402
		355.951	**364.673**		**231.459**	**249.515**
TOTAL ASSETS		**1.114.807**	**1.086.162**		**465.696**	**475.071**
EQUITY AND LIABILITIES						
Share Capital	**20**	47.689	47.689		47.689	47.689
Other reserves	**20**	61.238	92.699		55.475	67.349
Foreign currency translation		-32.404	-29.881		0	0
Retained earnings	**20**	226.711	188.853		18.108	3.525
		303.234	**299.360**		**121.272**	**118.563**
Non-controlling interest	**20**	80.615	75.908		0	0
Total equity		**383.849**	**375.268**		**121.272**	**118.563**
Non Current Liabilities						
Long term Debt	**21**	329.730	228.009		55.000	260.454
Staff retirement indemnities	**22**	6.567	5.561		3.926	3.423
Other long term provisions	**30**	14.509	16.742		14.059	16.127
Deferred Tax liabilities	**8**	5.684	3.722		0	0
Other long term liabilities	**24**	21.774	20.063		0	0
Finance lease obligation		5.361	7.230		0	0
		383.625	**281.327**		**72.985**	**280.004**
Current Liabilities						
Trade and other short term liabilities	**25**	136.940	130.712		63.318	75.057
Short term debt and current portion of long term debt	**26**	185.883	278.968		204.384	0
Current income taxes payable		19.623	14.089		1.968	0
Short-term provision	**30**	4.887	5.798		1.769	1.447
		347.333	**429.567**		**271.439**	**76.504**
TOTAL LIABILITIES		**730.958**	**710.894**		**344.424**	**356.508**
TOTAL EQUITY AND LIABILITIES		**1.114.807**	**1.086.162**		**465.696**	**475.071**

INTRALOT S.A.

STATEMENT OF CHANGES IN EQUITY GROUP/COMPANY

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousand of €)	Share Capital	Share Premium	Legal Reserve	Other Reserves	Retained Earnings	Total	Non-Controlling Interest	Grand Total
Opening Balance 01/01/2012	**47.689**	**0**	**36.608**	**56.091**	**158.972**	**299.360**	**75.908**	**375.268**
Adjustments on the opening balances					-587	**-587**	-103	**-690**
Subsidiary Share Capital Increase						**0**	1.027	**1.027**
Year's Results					6.116	**6.116**	26.941	**33.057**
Other comprehensive income/(expense) after tax				-706	-2.523	**-3.229**	-2.440	**-5.669**
Stock Options Reserves				1		**1**	0	**1**
Dividends					-562	**-562**	-19.252	**-19.814**
Effect due to change in ownership percentage					2.135	**2.135**	-1.466	**669**
Transfer to reserves			460	-31.216	30.756	**0**	0	**0**
Balances as at 31/12/2012	**47.689**	**0**	**37.068**	**24.170**	**194.307**	**303.234**	**80.615**	**383.849**

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousand of €)	Share Capital	Share Premium	Legal Reserve	Other Reserves	Retained Earnings	Total	Non-Controlling Interest	Grand Total
Opening Balance 01/01/2011	**47.689**	**0**	**28.782**	**55.232**	**152.395**	**284.098**	**76.929**	**361.027**
Adjustments on the opening balances					1.329	**1.329**	-6	**1.323**
New Consolidated Entities						**0**	36	**36**
Subsidiary Share Capital Increase						**0**	863	**863**
Year's Results					17.701	**17.701**	17.884	**35.585**
Other comprehensive income/(expense) after tax				494	-902	**-408**	-3.483	**-3.891**
Stock Options Reserves				379		**379**	0	**379**
Subsidiaries Disposal						**0**	275	**275**
Dividends					-719	**-719**	-16.558	**-17.277**
Effect due to change in ownership percentage					-3.020	**-3.020**	-32	**-3.052**
Transfer to reserves			7.826	-14	-7.812	**0**	0	**0**
Balances as at 31/12/2011	**47.689**	**0**	**36.608**	**56.091**	**158.972**	**299.360**	**75.908**	**375.268**

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousand of €)	Share Capital	Share Premium	Legal Reserve	Other Reserves	Retained Earnings	Total
Opening Balance 01/01/2012	**47.689**	**0**	**29.037**	**38.312**	**3.525**	**118.563**
Adjustments on the opening balances					-394	**-394**
Year's Results					2.978	**2.978**
Other comprehensive income/(expense) after tax				686		**686**
Stock Options Reserves				1		**1**
Dividends					-562	**-562**
Transfer to reserves				-12.561	12.561	**0**
Balances as at 31/12/2012	**47.689**	**0**	**29.037**	**26.438**	**18.108**	**121.272**

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousand of €)	Share Capital	Share Premium	Legal Reserve	Other Reserves	Retained Earnings	Total
Opening Balance 01/01/2011	**47.689**	**0**	**17.061**	**39.065**	**13.996**	**117.811**
Adjustments on the opening balances					619	**619**
Year's Results					1.605	**1.605**
Other comprehensive income/(expense) after tax				-1.132		**-1.132**
Stock Options Reserves				379		**379**
Dividends					-719	**-719**
Transfer to reserves			11.976		-11.976	**0**
Balances as at 31/12/2011	**47.689**	**0**	**29.037**	**38.312**	**3.525**	**118.563**

CASH FLOW STATEMENT GROUP/COMPANY

(Amounts reported in thousand of €)		GROUP		COMPANY	
	Note	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Operating activities					
Net Profit before Taxation		58.422	57.038	6.262	6.120
Plus/Less adjustments for:					
Depreciation and Amortization	6	92.806	74.007	14.616	14.550
Provisions		7.657	12.320	19.720	13.404
Exchange rate differences		-178	-5.430	0	0
Results from Investing Activities		-384	-7.526	-17.775	-12.737
Debit Interest and similar expenses		43.284	35.855	24.289	25.143
Credit Interest		-20.234	-22.109	-6.399	-13.895
Plus/Less adjustments of working capital to net cash or related to operating activities:					
Decrease/(increase) of Inventories		5.130	-5.247	8.984	-6.682
Decrease/(increase) of Receivable Accounts		-12.327	1.793	-11.847	18.125
(Decrease)/increase of Payable Accounts (except Banks)		-3.208	-9.193	-20.255	2.663
Less:					
Interest Paid and similar expenses paid		33.609	27.451	15.224	16.644
Income Tax Paid		23.602	22.358	255	6.009
Net Cash from Operating Activities (a)		**113.757**	**81.699**	**2.116**	**24.038**
Investing Activities					
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	13	888	4.250	-831	-2.461
Purchases of tangible and intangible assets	11,12	-119.013	-79.593	-11.825	-14.475
Proceeds from sales of tangible and intangible assets		1.760	772	0	50
Interest received		11.460	9.972	2.518	3.767
Dividends received		3.822	0	7.855	8.043
Net Cash from Investing Activities (b)		**-101.083**	**-64.599**	**-2.283**	**-5.076**
Financing Activities					
Cash inflows from Share Capital Increase		194	863	0	0
Cash inflows from loans		46.168	77.312	0	0
Repayment of loans		-40.339	-67.273	-8.419	-20.150
Repayment of Leasing Obligations		-5.902	-10.226	0	0
Dividends paid		-20.320	-16.755	-562	-716
Net Cash from Financing Activities (c)		**-20.199**	**-16.079**	**-8.981**	**-20.866**
Net increase / (decrease) in cash and cash equivalents for the year (a) + (b) + (c)		**-7.525**	**1.021**	**-9.148**	**-1.904**
Cash and cash equivalents at the beginning of the year		**142.498**	**141.477**	**14.402**	**16.306**
Cash and cash equivalents at the end of the year	19	**134.973**	**142.498**	**5.254**	**14.402**

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 Maroussi of Attica.
INTRALOT is one of the leading suppliers of integrated gaming and transaction processing systems, while its footprint straddles five continents, with presence in 50 countries, more than 5.500 people and revenues of € 1.374 millions in 2012. Committed to meeting customer requirements and performance expectations and with a demonstrated ability to adapt to new markets and overcome technological and cultural constraints, INTRALOT has acquired an excellent reputation in the global gaming sector.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 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 and the derivative financial instruments that are measured at fair value, or at cost if the difference is not a significant amount, and on condition 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 if indicated otherwise.

2.2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), including the International Accounting Standards (IAS) and Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), that have been adopted by the European Union as of December 31, 2012.

2.3 Financial Statements

INTRALOT keeps its accounting books and records and prepares its financial statements in accordance with the Greek Corporate Law 2190/1920, the Greek Unified Chart of Accounts and current tax regulations and issues its financial statements in accordance with the International Financial Reporting Standards (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 International Financial Reporting Standards (IFRS), the Greek Unified Chart of Accounts and current 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 purpose of the consolidated financial statements, Group entities' financial statements are adjusted and prepared in relation to the requirements of the International Financial Reporting Standards (IFRS).

2.4 Changes in accounting policies

For the preparation of the financial statements of year ended December 31, 2012, the accounting policies adopted are consistent with those followed in the preparation of the most recent annual financial statements (December 31, 2011), except for the below mentioned adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2012.

Standards and Interpretations compulsory for the fiscal year 2012

New standards, amendments of published standards and interpretations mandatory for accounting periods beginning on 1st January 2012. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

IAS 12 (Amendment) "Income Taxes"

(COMMISSION REGULATION (EC) No.1255/2012 of 11th December 2012, L 360 -29/12/2012)
This applies to annual accounting periods starting on or after 1st January 2012.
IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 "Investment Property". The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, through sale. The Group does not expect this amendment to affect its financial statements, given that it does not own any such assets.

IFRS 7 (Amendment) "Financial Instruments: Disclosures"

(COMMISSION REGULATION (EC) No. 1205/2011 of 22nd November 2011, L305 – 23.11.2011)
This applies to annual accounting periods starting on or after 1st July 2011.
The amendment will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions has undertaken around the end of a reporting period. The amendment broadly aligns the relevant disclosure requirements of International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP). The Group does not expect this amendment to affect its financial statements.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards"

(COMMISSION REGULATION (EC) No.1255/2012 of 11th December 2012, L 360 -29/12/2012)

It applies to the annual accounting periods starting on or after 1st July 2011.

The amendment proposes guidance on how an entity should resume presenting financial statements in accordance with International Financial Reporting Standards (IFRSs) after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. This amendment has no impact to the Group's financial statements since the Group has already adopted IFRS.

Standards and Interpretations compulsory after 31 December 2012

The following new standards, amendments and IFRICs have been published but are in effect for the annual fiscal period beginning the 1st of January 2013 and have not been adopted from the Group earlier.

IAS 1 (Amendment) "Presentation of Financial Statements"

(COMMISSION REGULATION (EC) No. 475/2012 of 5th June 2012, L146/1 – 06.06.2012)

This applies to annual accounting periods starting on or after 1st July 2012.

The amendments to IAS 1 require companies preparing financial statements in accordance with IFRSs to group together items within Other Comprehensive Income that may be reclassified or recycled to the profit or loss section of the Income Statement.

IAS 32 (Amendment) "Financial Instruments: Presentation"

(COMMISSION REGULATION (EC) No.1256/2012 of 13th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2014.

The amendment clarifies the assets and liabilities offsetting criteria in order to address inconsistencies in current practice. The Group does not expect this amendment to affect its financial statements.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards"

It applies to the annual accounting periods starting on or after 1st January 2013.

The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This is the same relief as was given to existing preparers of IFRS financial statements. This amendment has no impact to the Group's financial statements since the Group has already adopted IFRS. This amendment has not yet been adopted by the European Union.

IFRS 7 (Amendment) "Financial Instruments: Disclosures"

(COMMISSION REGULATION (EC) No.1256/2012 of 13th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013.

The amendment retains the existing assets and liabilities offsetting models but requires new disclosure requirements to allow investors to better compare financial statements prepared in accordance with IFRSs and US GAAP. The Group does not expect this amendment to affect its financial statements.

IFRS 9 "Financial Instruments"

This applies to annual accounting periods starting on or after 1st January 2015.

IFRS 9 is the first part of Phase 1 in the work carried out by the International Accounting Standards Board (IASB) for the replacement of IAS 39. The IASB intends to expand IFRS 9 in order to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. According to IFRS 9, all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, specific transaction costs. The subsequent measurement of financial assets is either at amortized cost or at fair value, depending on the financial entity's business model regarding the management of financial assets and the contractual cash flows of the financial asset. IFRS 9 prohibits reclassifications, except in the rare circumstances when the financial entity's business model changes, in which case the financial entity is required to reclassify the affected financial assets prospectively. According to IFRS 9 principles, all investments in equity instruments should be measured at fair value. However, the management has the option of reporting the realized and unrealized fair value through profit or loss of equity instruments which are not held for trading in the "other comprehensive income". Such designation is made at the time of initial recognition separately for each financial instrument and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or losses while dividends from such investments will continue to be recognized in profit or loss. IFRS 9 annuls the exemption of the measurement at cost of non-listed shares and derivatives in non-listed shares, but provides guidance as to when the cost can be a representative estimation of fair value. The Group is in the process of evaluating the effect of IFRS 9 on its financial statements. IFRS 9 has not been adopted yet by the European Union and cannot, therefore, be implemented earlier by the Group. Only when it has been adopted will the Group decide whether or not it will implement IFRS 9 before 1st January 2015.

IFRS 10 "Consolidated Financial Statements"

(COMMISSION REGULATION (EC) No.1254/2012 of 11th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In May 2011 the IASB issued IFRS 10 "Consolidated Financial Statements". IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in IAS 27

"Consolidated and Separate Financial Statements" and in SIC-12 "Consolidation—Special Purpose Entities". IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group will implement IFRS 10 on 1st January 2013.

IFRS 11 "Joint Arrangements"

(COMMISSION REGULATION (EC) No.1254/2012 of 11th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In May 2011 the IASB issued IFRS 11 "Joint Arrangements". IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-Monetary Contributions by Venturers". IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method (equity method) to account for interests in jointly controlled entities. The Group will implement IFRS 11 on 1st January 2013.

IFRS 12 "Disclosure of Interests in Other Entities"

(COMMISSION REGULATION (EC) No.1254/2012 of 11th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In May 2011 the IASB issued IFRS 12 "Disclosure of Interests in Other Entities". IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will implement IFRS 12 on 1st January 2013.

IFRS 10, IFRS 11 & IFRS 12 (amendments) "Transition Guidance"

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In June 2012 the IASB issued additional transition relief in IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" limiting the requirement to provide adjusted comparative information. The amendments explain that the 'date of initial application' in IFRS 10 means 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. Consequently, an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities" and when applying IFRS 10. As a result, the IASB confirms that relief from retrospective application of IFRS 10 would also apply to an investor's interests in investees that were disposed of during a comparative period in such a way that consolidation would not occur in accordance with either IAS 27/SIC-12 or IFRS 10 at the date of initial application. The amendments also clarify how an investor shall adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application is different when applying IFRS 10 when compared with applying IAS 27/SIC-12. Additional transition relief is provided by limiting the requirement to present adjusted comparative information to the period immediately preceding the date of initial application (the 'immediately preceding period'). Presentation of adjusted comparatives for earlier periods is permitted but not required. The IASB has also amended IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" to provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. IFRS 12 is further amended to provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. These amendments have not been adopted yet by the European Union and cannot, therefore, be implemented earlier by the Group.

IFRS10, IFRS12 & IAS27 (amendments) "Investment Entities"

This applies to annual accounting periods starting on or after 1st January 2014. Earlier application is permitted.

In October 2012 the IASB issued additional transition amendments in IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements". The amendments define an "investment entity" and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27 for investment entities. The Group does not expect this amendment to affect its financial statements. This amendment has not yet been adopted by the European Union.

IFRS 13 "Fair Value Measurement"

(COMMISSION REGULATION (EC) No.1255/2012 of 11th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In May 2011 the IASB and the FASB issued new guidance on fair value measurement and disclosure requirements for International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP). The guidance sets out in IFRS 13 does not change when an entity is required to use fair value, but provides guidance on how to measure fair value. The Group will implement IFRS 13 on 1st January 2013.

IAS 19 (amendment) «Employee Benefits»

(COMMISSION REGULATION (EC) No. 475/2012 of 5th June 2012, L146/1 – 06.06.2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

in June 2011 IASB amended IAS 19 removing the option that allows a company to defer some gains and losses that arise from defined benefit plans ("corridor method"). Companies now will have to report these changes as they occur. This will result in companies including any deficit or surplus in a defined benefit plan in their statement of financial position. Also, it requires companies to include service and finance cost in profit or loss and remeasurements in other comprehensive income. The Group does not expect this amendment to affect its financial statements, given that it does not have defined benefit plans.

IAS 27 (amendment) "Separate Financial Statements"

(COMMISSION REGULATION (EC) No.1254/2012 of 11th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In May 2011, when the IASB issued IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" also amended IAS 27 that now contains the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 "Financial Instruments". The Group will implement IAS 27 on 1st January 2013.

IAS 28 (amendment) "Investments in Associates and Joint Ventures"

(COMMISSION REGULATION (EC) No.1254/2012 of 11th December 2012, L 360 -29/12/2012)

This applies to annual accounting periods starting on or after 1st January 2013. Earlier application is permitted.

In May 2011, when the IASB issued IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" also amended IAS 28 that now contains the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Group will implement IAS 28 on 1st January 2013.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

(COMMISSION REGULATION (EC) No.1255/2012 of 11th December 2012, L 360 -29/12/2012)

It applies to annual accounting periods starting on or after 1st January 2013.

The Interpretation 20 clarifies when stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The above amendment will not affect the Group's financial statements.

Amendments that regard part of the annual improvement program of IASB (International Accounting Standards Board)

IASB in its annual improvement program published in May 2012, amendments to 5 existing Standards. The amendments hold for the annual fiscal periods beginning on or after the 1st of January, 2013 and have not yet been adopted by the European Union. The above amendments will not have significant effect on the Group's financial statements.

IFRS 1 "First-time adoption of International Financial Reporting Standards"

The amendment clarifies that an entity can apply IFRS 1 more than one time under some specific circumstances. Also, an entity can choose to apply IAS 23 on transition date or on an earlier date.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies the comparative disclosures when an entity presents a third statement of financial position because it is required by IFRS 8 or voluntarily. Also, it explains that an entity may include in the first financial statements prepared in accordance to IFRS, extra comparative information so as to provide a better explanation of the IFRS transition effect.

IAS 16 "Property, Plant and Equipment"

The amendment clarifies that servicing equipment and spare parts may be classified as tangible assets and not as inventories, in case they meet the definition of property, plant and equipment.

IAS 32 "Financial Instruments: Presentation"

The amendment clarifies the treatment of income taxation related to distributions to holders and the costs of equity transactions.

IAS 34 "Interim Financial Reporting"

The amendment clarifies the required disclosures for the assets and liabilities of reportable segments in interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of INTRALOT S.A. and its subsidiaries as at the end of each reporting period. The financial statements of the subsidiaries are

prepared for the same reporting period as the parent company, using consistent accounting policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceased by the Group.
Adjustments are made to bring in line any dissimilar accounting policies that may have existed. All intercompany balances and transactions, including unrealized gains resulting from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.
Changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- derecognizes the carrying amount of any non-controlling interests in the former subsidiary(including any components of other comprehensive income attributable to them),
- derecognizes the cumulative translation differences that have been recorded in equity,
- recognizes the fair value of the consideration received from the transaction,
- recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost,
- reclassifies to profit or loss, (or transfers directly to retained earnings if required in accordance with other IFRSs), the amounts that have been recorded in other comprehensive income,
- recognizes any resulting difference as a gain or loss in profit or loss.

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 the Group has control.

3.2 Business combination and goodwill

a) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. Control also exists when the Group owns half or less of the voting power of an entity, but clauses of IAS 27 par.13 are met. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether Group controls an entity.
Subsidiaries are consolidated using the acquisition method according to IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The amount of non-controlling interest is measured at fair value or at the proportionate share of the acquiree’s

identifiable net assets. Acquisition costs incurred are expensed to statement of comprehensive income.

At the acquisition date, the Group classifies or designates the identifiable assets acquired and liabilities assumed on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income (i.e. due to the fact that the investment has been classified as available for sale). If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

The Group recognizes any contingent consideration at the fair value, at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognized in accordance with IAS 39 either in statement of comprehensive income or as a change in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill in a business acquisition is initially measured at cost, being the excess of the cost of acquisition transferred over the net fair value of the identifiable assets acquired and liabilities assumed of the acquiree. If this cost of acquisition is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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 are translated at the closing rate accordingly.

After 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.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the 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 is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Any impairment losses that have been recognized for goodwill, will not be reversed in future periods.

Investments in subsidiaries are stated in the individual statement of financial position of the Company at their cost less any impairment in value.

b) Investment in associates

Associates are entities over which the Group has significant influence and are neither subsidiaries nor interests in a joint venture. The Group's investments in associates are accounted for using the equity method.

Under this method, investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the post-acquisition associate's results after taxes and non-controlling interests of the associate's subsidiaries. Also, the Group's share of the changes in associates' equity is directly recognized to the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to the associate's financial statements so as to apply the equity method.

The financial statements of associates are prepared for the same reporting period as the parent company.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group applies the requirements of the relative IFRSs to determine whether it is necessary to recognize any additional impairment loss with respect to its net investment in the associate. The Group incurs impairment test at the end of each reporting period comparing the recoverable amount of the investment in associate to its carrying value and recognizes the difference in the statement of comprehensive income of the period.

The Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associate and accounts for the investment in accordance with IAS 39 measuring the investment at fair value. Any difference between the carrying amount and the fair value of the investment in associate is recognized in the statement of comprehensive income of the period.

Investments in associates are stated in the statement of financial position of the Company at their cost less any impairment in value.

c) Interest in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group consolidates joint ventures applying the proportionate consolidation method, whereby the Group's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined "line by line" with similar items in the Group's consolidated financial statements.

If a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to the joint venture's financial statements so as to apply the proportionate method.

The financial statements of joint ventures are prepared for the same reporting period as the parent company.

Any intercompany balances and transactions, including unrealized gains, resulting from transactions between the Group and joint ventures, are fully eliminated.

At the date of loss of joint control to a venture and provided the former joint venture does not become a subsidiary or associate, the Group ceases applying the proportionate consolidation method and measures the remaining investment at its fair value. Any difference between the carrying amount of the former joint venture and the fair value of the investment is recognized in statement of comprehensive income. If the joint venture becomes an associate or subsidiary it would be accounted for according to IAS 28 & IAS 27 respectively.

Investments in joint ventures are stated in the individual statement of financial position of the Company at their cost less any impairment in value.

3.3 Foreign Currency Translation

The functional and presentation currency of INTRALOT S.A. and its subsidiaries which are located in Greece is the euro (€).

a) Transactions and balances

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 statement of comprehensive income 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 Other Comprehensive Income until the disposal of the net investment, at which time they are recognized in the consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in Other Comprehensive Income.

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.

b) Group companies

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 S.A. at the rate of exchange ruling at the balance sheet date and, their statements of comprehensive income 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 Other Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognized in Other Comprehensive Income relating to that particular foreign operation shall be transferred to the statement of comprehensive income.

3.4 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing the tangible assets and borrowing costs for long-term construction assets if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

• Buildings (owned)	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
• Transportation Equipment-Motor vehicles	7 years or 15% per annum
• Transportation Equipment-Trucks etc.	5 years or 20% per annum

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 statement of comprehensive income in the year the item is de-recognized.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted prospectively, if appropriate.

As regards hardware and software leased under operating lease, these assets, are disclosed in acquisition cost values in the group statement of financial position and are depreciated using the straight line method and according to the lower period between the useful life and the contract life, taking also into account their residual value at the end of the relative contract as well as the collecting cost. In case the respective contracts are renewed the assets' remaining net book value is depreciated according to the renewed contract life.

The carrying values of property, 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 is the greater of fair value minus selling expenses 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 statement of comprehensive income.

3.5 Borrowing costs

Since January 1st 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

3.6 Intangible assets

Intangible assets acquired individually, are capitalized at cost while those acquired through a business combination at fair values at the acquisition date. Following initial recognition, intangibles are valued at cost less accumulated amortization and any impairment in value. 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

Software that does not fall within the scope of particular contracts, is amortized at the expected useful life. During this period a new operating business plan of such software was adopted, whereby their estimated useful lives were revised - extended.

Amortization of finite life intangibles is recognized as an expense in the statement of comprehensive income apportioned to the related cost centers. Intangible assets with indefinite useful life are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Intangibles, except development costs, internally generated are not capitalized and the costs are included in the statement of comprehensive income in the year they are incurred.
Intangible assets are tested for impairment at the end of each reporting period, either individually or at the cash-generating unit level. Useful lives are also assessed annually and any revisions do not have retrospective application.
Gains or losses arising from derecognition of an intangible asset (that are measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the statement of comprehensive income when the asset is derecognized.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalized if, and only if, the Group can demonstrate all of the following:
(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
(b) its intention to complete the intangible asset and use or sell it
(c) its ability to use or sell the intangible asset
(d) how the intangible asset will generate probable future economic benefits
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.
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. Amortization of the capitalized development expenditure begins when development is complete and the asset is available for use. Any expenditure capitalized 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 indicates that the carrying value may not be recoverable.

3.7 Financial instruments

i) Financial assets

Financial assets within the scope of IAS 39 are classified according to their nature and characteristics in the following four categories:
• Financial assets at fair value through profit or loss,
• Loans and receivables,
• Financial assets held-to-maturity, and
• Available-for-sale financial assets.

All financial assets are recognized initially at cost, which is the fair value of the consideration given, including transaction costs, in some cases.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss:

Include trading portfolio investments that acquired for the purpose of selling them in the near future. Also, include derivatives financial instruments that are not designated as hedging instruments. Gain or losses from the measurement of these assets are recognized in statement of comprehensive income as financial income or expenses respectively.

Loans and receivables:

Include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on acquisition over the period to maturity. Gains or losses arising from derecognition and impairment are recognized in the statement of comprehensive income as finance costs or income, as well as the EIR income through the amortization process.

Financial assets held-to-maturity:

Include non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity that the Group has the positive intention and ability to hold them to maturity. Financial assets that held for indefinite or non-predetermined period of time cannot be classified under this category. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains or losses arising from derecognition and impairment are recognized in the statement of comprehensive income as finance costs or income, as well as the EIR income through the amortization process.

Available-for-sale financial assets:

Financial assets that cannot be included under the abovementioned categories are classified as available-for-sale financial assets. Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement the available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve. When the investment is sold, derecognized or impaired the cumulative gains or losses are transferred from the relative reserve to the statement of comprehensive income of the period.

Derecognition of financial assets

The Group ceases recognizing a financial asset when and only when:

- the contractual rights to the cash flows from the financial asset expire or
- the Group has transferred its contractual right to receive cash flows from an asset, or retains this right to receive cash flows from an asset but has assumed a contractual obligation to pay the cash flows to a third or more parties, or has transferred substantially all risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has assumed a contractual obligation to pay the cash flows to a third or more parties, but in parallel has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.
When the Group's continuing involvement takes the form of a guarantee over the transferred asset, the extent of continuing involvement is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay ('the guarantee amount'). When the entity's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset (including cash-settled options), the extent of the entity's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option on an asset that is measured at fair value, the extent of the continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:
(a) significant financial difficulty of the issuer or obligor,
(b) a breach of contract, such as a default or delinquency in interest or principal payments,
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization,
(e) the disappearance of an active market for that financial asset because of financial difficulties, or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Financial assets carried at amortised cost

For financial assets carried at amortised cost (loans and receivables or held-to-maturity investments), the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows(excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. The carrying amount of the asset shall be reduced either directly or through use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced either directly or by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income. In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. If, in a subsequent year, the fair value of a debt instrument classified as available for sale, increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, currency swaps and other derivatives in order to hedge risks related to interest rates and foreign currency fluctuations.

Such derivative financial instruments are measured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of these derivatives is measured by reference of the market value and is verified by the financial institutions.

Gains or losses from the change in derivatives fair value are recognized directly in statement of comprehensive income, except for the effective portion of cash flow hedges, which is recognized in Other Comprehensive Income.

For the purpose of hedge accounting, derivative financial instruments are classified as:

- **fair value hedge**: hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

- **cash flow hedge**: hedging the exposure to variability in cash flows that is either attributable to particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction
- **hedge of a net investment in a foreign operation.**

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 effectiveness of changes in the hedging instrument's fair value 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.

Hedge accounting:

Fair value hedge:

Gains or losses from subsequent measurement of the hedging instrument at fair value are recognized in the statement of comprehensive income as finance income/expenses. Gains or losses from subsequent measurement of the hedged item at fair value are recognized as a part of the carrying value of the hedged item and is also recognized in the statement of comprehensive income as finance income/expenses.

Cash flow hedge:

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of comprehensive income as finance income/expenses.

Amounts recognized as other comprehensive income are transferred to the statement of comprehensive income in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods when the hedged financial income or financial expense is recognized or when a forecast sale occurs).

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in other comprehensive income are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction occurs, when is transferred to the statement of comprehensive income.

Hedge of a net investment in a foreign operation:

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the statement of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in other comprehensive income is transferred to the statement of comprehensive income.

Some derivatives while characterized as efficient hedging items, following group policy, they cannot qualify as hedging accounting according to IAS 39 and thus profit and loss are accounted directly in the statement of comprehensive income.

ii) Financial liabilities

Financial liabilities include trade and other liabilities, bank overdrafts, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Financial liabilities are initially recognized at fair value and in case of loans and borrowings, plus directly attributable transaction costs.

After the initial measurement, the financial liabilities are measured as follows:

Interest bearing loans and borrowings:

All 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 the statement of comprehensive income when the liabilities are derecognized or impaired, as well as through the amortization process.

Financial liabilities at fair value through profit or loss:

Include financial liabilities held for trading, that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term and are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Such liabilities, including derivative instruments that are liabilities, are measured at fair value (except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost). Gains or losses from the measurement at fair value are recognized in the statement of comprehensive income.

Financial guarantee contracts:

Include contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. These contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently are measured at the higher of the amount determined in accordance with IAS 37 and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation is cancelled, extinguished or does not exist any more. In the case that an existing liability is replaced by another from the same borrower but under substantially different terms, or in case that there are substantial changes in terms of an existing liability, then the initial financial liability is derecognized and a new liability recognized, and the resulting difference between balances is recognized in the statement of comprehensive income.

Offsetting of financial instruments

The financial instruments are offset when the Group, according to law, has this legal right and there is an intention to settle them on a net basis (among them) or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments

For investments that are actively traded in organized markets, fair values are determined in relation to the closing traded values at the reporting date. For investments where there is no quoted market price, fair value is 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 that consists the base of the investment or on acquisition cost.

3.8 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business of the Group, less the estimated costs necessary to make the sale. Provisions for impairment of the inventories value are recorded when it is needed and recognized in the statement of comprehensive income.

3.9 Trade and other short term receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amount.

The Group makes an estimate for doubtful debts 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 arising from goods sale or services rendering 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 finance 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 future periods, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

3.10 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position include cash at bank, short-term deposits and cash on hand along with other high liquidity investments that are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

Bank overdrafts are included in the short-term bank loans in the statement of financial position. Also, cheques payables that have not been paid at the balance sheet date are included in short-term liabilities.

For cash flow statement purposes, cash and cash equivalents include what is defined above, without the netting of outstanding bank overdrafts.

3.11 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 of each reporting date. Any interest expenses are recognized on an accruals basis.

3.12 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. When 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 statement of comprehensive income net of any reimbursement. Provisions are re-examined at the reporting date and are adjusted so as to represent the present value of the expense that will be needed to settle the liability. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at an after-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 embodying economic benefits is remote. Contingent assets are not recognized but are disclosed when the probability of a cash inflow is probable.

Provisions are recognized on each financial statements date (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 is recognized and booked as an expense.

3.13 Leases

Entity of the Group 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 recognised directly to the statement of comprehensive 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 statement of comprehensive income on a straight-line basis over the lease term.

Entity of the Group as Lessor:

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

When fixed assets are leased through financial leasing, the present value of the lease is recognized as a receivable. The difference between the gross amount of the receivable and its present value is registered as a deferred financial income. The income from the lease is recognized in the period’s statement of comprehensive income during the lease using the net investment method, which represents a constant periodic return.

3.14 Share capital – Treasury shares

Share capital includes common and preference shares without voting right, which have been issued and are being traded. Share premium reserve includes the excess of the shares par value received consideration. Any costs directly attributable to the issue of new shares are shown as a deduction in share premium reserve.

Treasury shares represent shares of the parent company held by the Group. Treasury shares are stated at cost and are deducted from Equity. Upon acquisition, disposal, issuance or cancellation of treasury shares, no gain or loss is recognized in the statement of comprehensive income. The consideration given or received and the related gains or losses from the settlement are recognized directly in Equity.

3.15 Share Based Payments

IFRS 2 'Share-based Payment' requires an expense to be recognized where the Group buys goods and services in exchange for shares ('equity-settled transactions') or rights over shares (stock options), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ('cash-settled transactions').

The Group provides stock options to executives and employees. The fair value of the executives and employees, who receive these stock options, is recognized according to IFRS 2 as expenditure in the statement of comprehensive income, with a respective increase of equity, during the period that these services are received and the options provided. The estimation of the total amount of the stock options expenditure during the vesting period is based on the provided stock options fair value at the grant date. The stock options fair value is measured using the proper valuation model depending on the terms of each program, taking into account the proper data such as volatility, discounting factor and dividend yield. Detailed information about the relative stock option programs of the Company are included in note 23.

Any outstanding stock options during the reporting period are taken into account for the calculation of the diluted earnings per share.

3.16 Staff Retirement Indemnities

Staff retirement indemnities are measured at the present value of the 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 statement of comprehensive income 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 and losses are recognized over the average 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.

3.17 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.

3.18 Revenue recognition

Revenues are recognized in the period they are realized and the related amounts can be reliably measured. Revenues are measured at their fair value of the consideration received excluding discounts, sales tax and duties. The following specific recognition criteria must also be met before revenue is recognized:

- ***Hardware and Software:*** This category includes the supply of hardware and software (gaming machines, central computer systems, gaming software, communication systems 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 or as finance 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 risks and rewards arising from the ownership are transferred to the buyer.

  In the second case that consists income from operating lease, is defined per case either on straight-line basis over the lease term or as a percentage on the Lottery Organization's gross turnover received by the player-customer (in this case income recognition occurs the moment that the player-customer places the related consideration in order to participate in a game).

  In the third case that consists income from finance lease, it is defined using the net investment method (the difference between the gross amount of the receivable and its present value is registered as a deferred financial income). This method represents a constant periodic return, recognizing the revenue from the finance lease in the period's statement of comprehensive income during the lease term.

- ***Technical services:*** This category includes the rendering of technical support services to lotteries so that they can operate their on-line games. The revenue associated with the transaction is recognized by reference to the completion of the transaction at the end of the reporting period.

- ***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) e.t.c to organizations internationally. Group revenues mainly consist of a percentage of the turnover of the games to 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, receipt of the payments from players, payment of winnings to players e.t.c). 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 the total amount received from the player-customer. Especially in the case of VLT revenue measured as the "net drop" (total price minus winnings/payout) received from the player-customer.

- ***Interest income:*** Interest income is recognized in the statement of comprehensive income using the effective interest rate method.

- ***Dividends:*** Dividend income is recognized in the statement of comprehensive income when the Group's right to receive the payment is established.

- ***Rental income:*** Rental income arising from operating leases on is accounted for on a straight-line basis during the lease term.

3.19 Taxes

Income tax

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 profit of each entity as adjusted on their tax returns, for 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 base of assets and liabilities and their carrying amount.

Deferred income tax liabilities are recognized for all taxable temporary differences except:

- If the deferred income tax liability arises from the initial recognition of goodwill or 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 investment 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 be reversed in the foreseeable future.

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

- 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 investment 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 apply at the year when the asset is expected to be realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is not measured by the Group as regards the undistributed profits of subsidiaries, branches, associates and joint ventures due to the elimination of intercompany profits, from relevant transactions, as they are considered insignificant.

Income tax relating to items recognized directly in Other Comprehensive Income is recognized in Other Comprehensive Income and not in the statement of comprehensive income.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or 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 that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, is included as part of receivables or payables in the statement of financial position.

3.20 Earnings per share

The basic earnings per share (EPS) are calculated by dividing net profit 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 during the year (adjusted for the effect of the average number of share option rights outstanding during the year).

4. Information Per Segment

Intralot Group is active in about 50 countries and the segmentation of its subsidiaries is performed based on their geographical position. The financial results are presented in the following operating geographical segments:

European Union:	Greece, Italy, Malta, Cyprus, Poland, Luxembourg, Spain, United Kingdom, Nederland, Romania, Bulgaria, France, Czech Republic and Slovakia.
Other Europe:	Russia, Moldova and Serbia & Montenegro.
America:	USA, Peru, Brazil, Argentina, Mexico, Jamaica, Chile, Colombia, Guatemala, Dominican Republic, Suriname, Uruguay and St. Lucia.
Other Countries:	Australia, New Zealand, China, South Africa, Turkey, South Korea, Lebanon, Egypt, Azerbaijan, Taiwan and Morocco.

No two operating segments have been added.

The following information is based on the internal financial reports provided to manager responsible for taking decisions who is the General Director. The performance of the segments is evaluated based on the sales and profit/(loss) before tax. The Group applies the same accounting policies for the financial results of the above segments with those of the consolidated financial statements. The transactions between segments are realized within the natural conditions present in the Group with similar way to that with third parties. The intragroup transactions are eliminated in a group level and are included in the column " Eliminations".

1/1-31/12/2012

(in mio €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	669,53	7,12	451,25	246,12	0,00	1.374,02
Intragroup sales	70,05	0,00	9,60	0,03	-79,68	0,00
Total Sales	**739,58**	**7,12**	**460,85**	**246,15**	**-79,68**	**1.374,02**
(Debit)/Credit interest & similar (expenses)/income	12,26	0,47	-0,06	3,09	-36,56	-20,80
Depreciation	-52,71	-2,20	-26,03	-19,38	7,51	-92,81
Profit/(loss) consolidated with equity method	0,00	-0,76	0,00	0,86	0,00	0,10
Write-off & impairment of assets	-3,23	0,00	-0,26	0,00	0,00	-3,49
Profit/ (Loss) before tax	**24,21**	**-1,47**	**21,67**	**28,27**	**-14,26**	**58,43**
Taxes	-9,52	-0,28	-9,75	-5,82	0,00	-25,37
Profit/(Loss) after Tax	**14,69**	**-1,75**	**11,92**	**22,45**	**-14,26**	**33,06**

1/1-31/12/2011

(in mio €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	687,55	4,71	375,89	134,20	0,00	1.202,35
Intragroup sales	63,60	0,00	10,07	7,66	-81,33	0,00
Total Sales	**751,15**	**4,71**	**385,96**	**141,86**	**-81,33**	**1.202,35**
(Debit)/Credit interest & similar (expenses)/income	17,42	0,10	0,10	1,78	-33,14	-13,74
Depreciation	-49,62	-0,65	-21,98	-8,18	6,43	-74,00
Profit/(loss) consolidated with equity method	0,00	-0,69	-1,01	1,21	0,00	-0,49
Write-off & impairment of assets	-7,08	-0,01	-0,78	-0,01	0,00	-7,88
Profit/ (Loss) before tax	**39,96**	**0,21**	**19,77**	**17,00**	**-19,90**	**57,04**
Taxes	-7,20	-0,47	-9,89	-3,89	0,00	-21,45
Profit/(Loss) after Tax	**32,76**	**-0,26**	**9,88**	**13,11**	**-19,90**	**35,59**

5. Staff costs

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Salaries	88.201	81.259	17.840	17.593
Social security contributions	14.552	14.150	3.509	3.682
Staff retirement indemnities (Note 22)	1.222	1.160	676	717
Other staff costs	9.461	8.396	880	777
Total	**113.436**	**104.965**	**22.905**	**22.769**

Salaries & Social security contributions per cost center December 31, 2012

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	40.217	11.177	32.197	4.610	88.201
Social security contributions	6.830	1.916	4.724	1.082	14.552
Staff retir. & other costs	5.188	1.106	4.218	171	10.683
	52.235	**14.199**	**41.139**	**5.863**	**113.436**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	5.174	3.100	5.023	4.543	17.840
Social security contributions	1.242	578	608	1.081	3.509
Staff retir. & other costs	934	187	265	170	1.556
	7.350	**3.865**	**5.896**	**5.794**	**22.905**

Salaries & Social security contributions per cost center December 31, 2011

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	37.339	10.243	30.328	3.349	81.259
Social security contributions	6.541	2.078	4.870	661	14.150
Staff retir. & other costs	4.305	977	4.043	231	9.556
	48.185	**13.298**	**39.241**	**4.241**	**104.965**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	6.058	3.071	5.182	3.282	17.593
Social security contributions	1.655	620	746	661	3.682
Staff retir. & other costs	754	225	283	232	1.494
	8.467	**3.916**	**6.211**	**4.175**	**22.769**

The number of employees of the Company and the Group on 31 December 2012 was 617 and 5.541 respectively (31 December 2011 was 629 and 5.512 respectively).

6. Depreciation and amortization

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

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Depreciation of tangible fixed assets (Note 11)	50.571	47.438	9.840	10.394
Amortization of intangibles (Note 12)	42.235	26.569	4.776	4.156
Total	**92.806**	**74.007**	**14.616**	**14.550**

Depreciation and amortization per cost center

31/12/2012	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Group	57.711	2.197	31.290	1.608	**92.806**
Company	8.770	1.754	2.484	1.608	**14.616**

31/12/2011	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Group	45.192	2.093	25.121	1.601	**74.007**
Company	8.730	1.746	2.473	1.601	**14.550**

7. Research and Development Costs

Research and development costs recognized in the statement of comprehensive income of the Group amount to € 10.326 thousand while in the statement of comprehensive income of the parent company they amount to € 8.274 thousand (2011: € 9.710 thousand & € 6.735 thousand).

8. Income Taxes

Corporate income tax is calculated at 20% on the estimated tax assessable profit for the year 01/01-31/12/2012 and 01/01-31/12/2011.

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Income Taxes in the Statement of Comprehensive Income:				
Current income taxes	31.860	20.844	5.072	3.776
Deferred income taxes	-6.495	609	-1.788	739
Total income tax expense reported in income statement	**25.365**	**21.453**	**3.284**	**4.515**

The reconciliation of the income based on Greek statutory tax rate is as follows:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Profit before income taxes	**58.422**	**57.038**	**6.262**	**6.120**
Income taxes based on Greek statutory tax rate 20% (2011: 20%)	11.684	11.408	1.252	1.224
Adjustments in opening balance	-99	50	-113	0
Tax effect of non-deductible tax expenses	12.975	17.582	4.985	3.792
Tax effect of subsidiaries' losses, for which deferred tax asset was not recognized	-116	-2.447	0	0
Tax effect of tax free reserves	-1.698	0	-1.656	0
Tax effect of non taxable profits	-12.527	-13.551	-2.184	-648
Tax effect of foreign subsidiaries' profits that are taxable at different tax rates	8.621	8.183	0	0
Deferred tax effect due to tax rate change	-8	0	0	0
Income tax of previous years after tax audit	5.507	-717	0	-800
Provision for additional taxes from future tax audits	1.026	945	1.000	947
Income taxes at effective tax rate as reported in the income statement	**25.365**	**21.453**	**3.284**	**4.515**

Tax returns are submitted annually, but the declared taxable profits or tax allowable losses are revised when the tax authorities subject the tax returns and books and records of a Company to an audit, at which time the tax liabilities become final. The tax losses to the extent recognized by the tax authorities of each country can be offset against taxable future profits.

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

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Net deferred tax asset at beginning of the year	**8.596**	**8.880**	**7.129**	**7.868**
Adjustments in opening balance	0	0	0	0
(Debit)/Credit to the consolidated statement of comprehensive income	6.494	-641	1.789	-739
Effect from a first time consolidated subsidiary	170	30	0	0
Exchange difference	-467	327	0	0
Non-consolidated entity due to liquidation	-13	0	0	0
Deferred tax on other comprehensive income	795	0	0	0
Net deferred tax asset at end of the year	**15.575**	**8.596**	**8.918**	**7.129**

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

December 31, 2012	**GROUP**		**COMPANY**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Subsidiaries' tax losses carried forward	8.033	0	0	0
Inventories– Intercompany profit	-188	0	-258	0
Financial assets	1.460	-1.496	84	0
Long term receivables	479	-63	0	0
Provisions	165	-504	0	-504
Tangible assets	1.197	-5.258	0	-1.664
Intangibles assets	4	-2.261	0	-882
Receivables	7.076	-1.496	4.842	-153
Prepayments	0	0	0	0
Long term liabilities	2.494	-508	685	0
Current Liabilities	2.854	-719	506	0
Short Term Loans	6.176	-2.000	6.162	0
Finance Lease Liabilities	0	0	0	0
Staff retirement indemnities	130	0	100	0
Other	0	0	0	0
	29.880	**-14.305**	**12.121**	**-3.203**

01/01/2012-31/12/2012	**Income Statement**	
Deferred income tax	**GROUP**	**COMPANY**
Prior years' tax losses utilized	-881	0
Subsidiaries' tax losses carried forward	-3.788	0
Provisions of the year	235	0
Reversal of provisions utilized	0	0
Tangible assets	-478	-1.760
Intangible Assets	-289	1.214
Financial assets	1.363	91
Short term receivables	-1.737	-30
Long Term Receivables	2.868	0
Inventories– impairment	598	608
Staff retirement indemnities	-131	-101
Short term Provisions	1.707	-142
Current Liabilities	-10.724	-6.828
Long Term Liabilities	4.762	5.160

Financial lease obligations	0	0
Other	0	0
Deferred Tax (income) / expense	**-6.495**	**-1.788**

December 31, 2011	**GROUP**		**COMPANY**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Subsidiaries' tax losses carried forward	3.829	0	0	0
Inventories– Intercompany profit	413	0	351	0
Financial assets	2.789	0	176	0
Long term receivables	2.650	-85	0	0
Provisions	61	-969	0	-645
Tangible assets	1.451	-6.697	0	-3.424
Intangibles assets	334	-1.700	333	0
Receivables	6.560	-2.623	6.079	-969
Prepayments	0	0	0	0
Long term liabilities	5.340	-415	5.158	0
Current Liabilities	758	-4.308	0	-613
Short Term Loans	0	0	0	0
Finance Lease Liabilities	0	0	0	0
Staff retirement indemnities	1.021	0	683	0
Other	187	0	0	0
	25.393	**-16.797**	**12.780**	**-5.651**

01/01/2011-31/12/2011	**Income Statement**	
Deferred income tax	**GROUP**	**COMPANY**
Prior years' tax losses utilized	1.280	0
Subsidiaries' tax losses carried forward	-2.907	0
Provisions of the year	-793	-702
Reversal of provisions utilized	0	0
Tangible assets	-676	-1.533
Intangible Assets	499	1.097
Financial assets	-2.096	-176
Short term receivables	5.369	2.264
Long Term Receivables	2.455	0
Inventories– impairment	8	0
Staff retirement indemnities	-23	0
Short term Provisions	456	-68
Current Liabilities	-1.574	994
Long Term Liabilities	-1.385	-1.137
Financial lease obligations	0	0
Other	-2	0
Deferred Tax (income) / expense	**611**	**739**

9. Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Net profit attributable to shareholders of the parent company	**6.116**	**17.701**	**2.978**	**1.605**
Weighted average number of shares	158.961.721	158.961.721	158.961.721	158.961.721
Less: Weighted average number of treasury shares	0	0	0	0
Weighted average number of shares outstanding	**158.961.721**	**158.961.721**	**158.961.721**	**158.961.721**
Basic earnings per share (EPS) (in Euro)	**€ 0,0385**	**€ 0,1114**	**€ 0,0187**	**€ 0,0101**
Weighted average number of shares outstanding (for basic EPS)	158.961.721	158.961.721	158.961.721	158.961.721
Effect of potential exercise of share options (weighted average number outstanding in the year)	0	0	0	0
Weighted average number of shares outstanding (for diluted EPS)	**158.961.721**	**158.961.721**	**158.961.721**	**158.961.721**
Diluted earnings per share (EPS) (in Euro)	**€ 0,0385**	**€ 0,1114**	**€ 0,0187**	**€ 0,0101**

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

10. Dividends

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Declared dividends of ordinary shares in the year:				
Final dividend of 2010	0	13.647	0	719
Interim dividend of 2011	0	3.630	0	0
Final dividend of 2011	17.960	0	562	0
Interim dividend of 2012	1.854	0	0	0
Dividend per Statement of changes in equity	**19.814**	**17.277**	**562**	**719**
Total dividend of 2011: € 0,003535(Company € 0,003535)	0	562	0	562
Total dividend of 2012: € 0,002623(Company € 0,002623)	417	0	417	0
Less: dividend paid as of year end	0	0	0	0
Dividend not recognized as a liability as at 31st December	**417**	**562**	**417**	**562**

11. Tangible assets

Tangible assets are analyzed as follows:

GROUP	Land	Buildings and installations	Machinery and equipment	Transport equipment	Furniture and fixtures	Assets under construction	Other Tangible Assets	Total
01/01/2012								
Cost	11.624	28.246	312.748	7.603	119.915	2.339	1.915	484.390
Accumulated Depreciation	0	-7.462	-124.539	-4.086	-84.296	0	-367	-220.750
Net Book value 1/1/2012	**11.624**	**20.784**	**188.209**	**3.517**	**35.619**	**2.339**	**1.548**	**263.640**
COST								
Additions	0	1.032	24.953	567	4.362	2.981	676	34.571
Transfer of assets from (to) other categories	-242	-133	1.382	2	713	-1.160	-542	20
Transfer from (to) inventories	0	-637	4.832	0	118	-48	487	4.752
Disposal	0	-21	-5.100	-1.909	-140	-70	0	-7.240
Write-off	0	-1.114	-1.242	-166	-309	0	0	-2.831
Additions due to acquisitions of subsidiaries	0	0	450	16	42	0	61	569
Net exchange differences on foreign currency translation	-109	-1.103	-1.181	-134	-591	-331	6	-3.443
ACCUMULATED DEPRECIATION								
Depreciation	0	-1.919	-33.772	-1.074	-13.525	0	-281	-50.571
Disposal	0	20	1.940	1.422	108	0	0	3.490
Write off	0	291	907	166	201	0	0	1.565
Additions due to acquisitions of subsidiaries	0	0	-177	-16	-14	0	-22	-229
Net exchange differences on foreign currency translation	0	273	94	73	497	0	9	946
Transfer of assets from (to) other categories	0	139	70	3	23	0	-131	104
Transfer from (to) inventories	0	646	-5.179	0	-117	0	0	-4.650
Net book value-31/12/2012	**11.273**	**18.258**	**176.186**	**2.467**	**26.987**	**3.711**	**1.811**	**240.693**
31/12/2012								
Cost	11.273	26.270	336.842	5.979	124.110	3.711	2.603	510.788
Accumulated Depreciation	0	-8.012	-160.656	-3.512	-97.123	0	-792	-270.095
Net book value-31/12/2012	**11.273**	**18.258**	**176.186**	**2.467**	**26.987**	**3.711**	**1.811**	**240.693**

GROUP	Land	Buildings and installations	Machinery and equipment	Transport equipment	Furniture and fixtures	Assets under construction	Other Tangible Assets	Total
01/01/2011								
Cost	11.141	26.474	286.754	6.769	117.986	2.227	900	452.251
Accumulated Depreciation	0	-6.017	-92.454	-2.954	-69.511	0	-149	-171.085
Net Book value 01/01/2011	**11.141**	**20.457**	**194.300**	**3.815**	**48.475**	**2.227**	**751**	**281.166**
COST								
Additions	405	1.513	25.078	791	3.931	1.174	1.674	34.566
Transfer of assets from (to) other categories	0	619	11.142	517	-968	-803	0	10.507
Transfer from (to) inventories	0	0	18	0	0	0	0	18
Disposal	0	-437	-9.772	-545	-321	0	-651	-11.726
Write-off	0	-453	-505	-57	-209	-194	-3	-1.421
Net exchange differences on foreign currency translation	78	530	33	128	-504	-65	-5	195
ACCUMULATED DEPRECIATION								
Depreciation	0	-1.906	-30.576	-1.061	-13.663	0	-232	-47.438
Disposal	0	406	5.714	393	108	0	21	6.642
Write off	0	95	472	58	77	0	1	703
Net exchange differences on foreign currency translation	0	-82	843	-56	643	0	-8	1.340
Transfer of assets from (to) other categories	0	42	-8.550	-466	-1.950	0	0	-10.924
Transfer from (to) inventories	0	0	12	0	0	0	0	12
Net book value-31/12/2011	**11.624**	**20.784**	**188.209**	**3.517**	**35.619**	**2.339**	**1.548**	**263.640**
31/12/2011								
Cost	11.624	28.246	312.748	7.603	119.915	2.339	1.915	484.390
Accumulated Depreciation	0	-7.462	-124.539	-4.086	-84.296	0	-367	-220.750
Net book value-31/12/2011	**11.624**	**20.784**	**188.209**	**3.517**	**35.619**	**2.339**	**1.548**	**263.640**

COMPANY	Land	Buildings and installations	Machinery and equipment	Transport equipment	Furniture and fixtures	Total
01/01/2012						
Cost	3.030	4.524	1	665	73.197	81.417
Accumulated depreciation	0	-1.983	-1	-216	-54.704	-56.904
Net book value 01/01/2012	**3.030**	**2.541**	**0**	**449**	**18.493**	**24.513**
COST						
Additions	0	0	0	0	834	834
ACCUMULATED DEPRECIATION						
Depreciation	0	-409	0	-99	-9.332	-9.840
Net book value- 31/12/2012	**3.030**	**2.132**	**0**	**350**	**9.995**	**15.507**
31/12/2012						
Cost	3.030	4.524	1	665	74.031	82.251
Accumulated Depreciation	0	-2.392	-1	-315	-64.036	-66.744
Net book value- 31/12/2012	**3.030**	**2.132**	**0**	**350**	**9.995**	**15.507**

COMPANY	Land	Buildings and installations	Machinery and equipment	Transport equipment	Furniture and fixtures	Total
01/01/2011						
Cost	3.030	3.733	1	665	74.631	82.060
Accumulated depreciation	0	-1.351	-1	-116	-44.869	-46.337
Net book value 01/01/2011	**3.030**	**2.382**	**0**	**549**	**29.762**	**35.723**
COST						
Additions	0	0	0	0	1.606	1.606
Transfer of assets from (to) other categories	0	791	0	0	-3.040	-2.249
ACCUMULATED DEPRECIATION						
Depreciation	0	-459	0	-100	-9.835	-10.394
Transfer of assets from (to) other categories	0	-173	0	0	0	-173
Net book value- 31/12/2011	**3.030**	**2.541**	**0**	**449**	**18.493**	**24.513**
31/12/2011						
Cost	3.030	4.524	1	665	73.197	81.417
Accumulated Depreciation	0	-1.983	-1	-216	-54.704	-56.904
Net book value- 31/12/2011	**3.030**	**2.541**	**0**	**449**	**18.493**	**24.513**

A group subsidiary has banking facilities amounting to €29,3 million, consisting of a loan amounting to €20 million, an overdraft of €5 million, and bank guarantee letters of €4,3 million. These facilities are secured by an initial general mortgage on all the subsidiary's present and future assets(At 31/12/2012 the loan balance amounted to €14,2 million, the overdraft balance to €1,7 million while the used guarantee letters to €4 million). Also, a group's subsidiary has a loan of € 2,5 million with mortgage on a building and guarantee letters.
There are no other restrictions, apart from the aforementioned, in the ownership, transfer or other liens on the Group's property.
At 31st December 2012 the Group had no commitments for the purchase of tangible fixed assets.

12. Intangible Assets

GROUP	GOODWILL	SOFTWARE	RESEARCH & DEVELOPMENT (Internally generated)	OTHER	LICENCES	TOTAL
1/1/2012						
Cost	83.033	112.990	50.695	38.942	136.996	422.656
Accumulated amortization	-288	-38.540	-11.516	-19.984	-66.892	-137.220
Net book value 01/01/2012	**82.745**	**74.450**	**39.179**	**18.958**	**70.104**	**285.436**
COST						
Additions	435	14.823	11.033	10.560	55.153	92.004
Transfer of assets from (to) other categories	-172	1.804	-120	-18.634	17.564	442
Transfer from (to) inventories	0	3.815	46	-337	49	3.573
Additions due to acquisitions of subsidiaries	0	1.009	0	0	31.000	32.009
Disposals	0	-68	0	-9	0	-77
Write – off	0	-77	-107	-1.358	0	-1.542
Net exchange differences on foreign currency translation	-445	57	-615	-352	39	-1.316
ACCUMULATED AMORTIZATION						
Amortization	0	-8.906	-3.901	-2.326	-27.102	-42.235
Disposals	0	4	0	1	0	5
Impairment	-38	0	0	0	-1.322	-1.360
Additions due to acquisitions of subsidiaries	0	-48	0	0	0	-48
Net exchange differences on foreign currency translation	0	-128	174	149	160	355
Transfer of assets from (to) other categories	0	-568	7	14.929	-14.936	-568
Transfer from (to) inventories	0	-3.530	0	25	-26	-3.531
Write – off	0	63	40	574	0	677
Net book value 31/12/2012	**82.525**	**82.700**	**45.736**	**22.180**	**130.683**	**363.824**
31/12/2012						
Cost	82.851	134.353	60.932	28.812	240.801	547.749
Accumulated amortization	-326	-51.653	-15.196	-6.632	-110.118	-183.925
Net book value 31/12/2012	**82.525**	**82.700**	**45.736**	**22.180**	**130.683**	**363.824**

GROUP	GOODWILL	SOFTWARE	RESEARCH & DEVELOPMENT (Internally generated)	OTHER	LICENCES	TOTAL
1/1/2011						
Cost	83.081	77.777	41.581	35.791	129.944	368.174
Accumulated amortization	-288	-31.283	-8.987	-16.975	-47.121	-104.654
Net book value 01/01/2011	**82.793**	**46.494**	**32.594**	**18.816**	**82.823**	**263.520**
COST						
Additions	0	37.808	9.388	2.973	7.810	57.979
Transfer of assets from (to) other categories	0	618	0	-236	0	382
Disposals	0	-3.267	0	-14	-143	-3.424
Write – off	-126	-87	0	-178	-1	-392
Net exchange differences on foreign currency translation	78	141	-274	606	-614	-63
ACCUMULATED AMORTIZATION						
Amortization	0	-7.130	-2.524	-3.122	-13.793	-26.569
Impairment	0	0	0	0	-6.500	-6.500
Disposals	0	400	0	13	0	413
Net exchange differences on foreign currency translation	0	7	-5	-156	521	367
Transfer of assets from (to) other categories	0	-620	0	235	0	-385
Write – off	0	86	0	21	1	108
Net book value 31/12/2011	**82.745**	**74.450**	**39.179**	**18.958**	**70.104**	**285.436**
31/12/2011						
Cost	83.033	112.990	50.695	38.942	136.996	422.656
Accumulated amortization	-288	-38.540	-11.516	-19.984	-66.892	-137.220
Net book value 31/12/2011	**82.745**	**74.450**	**39.179**	**18.958**	**70.104**	**285.436**

COMPANY	SOFTWARE	RESEARCH & DEVELOPMENT (Internally generated)	LICENCES	TOTAL
1/1/2012				
Cost	33.652	37.586	17.096	88.334
Accumulated amortization	-20.922	-8.789	-14.771	-44.482
Net book value 01/01/2012	**12.730**	**28.797**	**2.325**	**43.852**
COST				
Additions	2.007	8.412	1.107	11.526
Transfer of assets from (to) other	0	0	0	0
ACCUMULATED AMORTIZATION				
Amortization	-2.086	-2.544	-146	-4.776
Transfer of assets from (to) other	0	0	0	0
Net book value 31/12/2012	**12.651**	**34.665**	**3.286**	**50.602**
31/12/2012				
Cost	35.659	45.998	18.203	99.860
Accumulated amortization	-23.008	-11.333	-14.917	-49.258
Net book value 31/12/2012	**12.651**	**34.665**	**3.286**	**50.602**

COMPANY	SOFTWARE	RESEARCH & DEVELOPMENT (Internally generated)	LICENCES	TOTAL
1/1/2011				
Cost	30.228	28.482	16.972	75.683
Accumulated amortization	-18.913	-7.588	-14.042	-40.543
Net book value 01/01/2011	**11.315**	**20.894**	**2.930**	**35.140**
COST				
Additions	3.424	9.104	341	12.869
Transfer of assets from (to) other	0	0	-217	-217
ACCUMULATED AMORTIZATION				
Amortization	-2.009	-1.201	-946	-4.156
Transfer of assets from (to) other	0	0	217	217
Net book value 31/12/2011	**12.730**	**28.797**	**2.325**	**43.852**
31/12/2011				
Cost	33.652	37.586	17.096	88.334
Accumulated amortization	-20.922	-8.789	-14.771	-44.482
Net book value 31/12/2011	**12.730**	**28.797**	**2.325**	**43.852**

13. Investments in subsidiaries and associates

GROUP	% Participation	Country	31/12/2012	31/12/2011
Bilyoner Interactif Hizmelter AS	25%	Turkey	1.820	2.050
Lotrich Information Co Ltd	40%	Taiwan	4.546	4.676
Nanum Lotto Co Ltd	29%	S. Korea	21.373	5.970
Kelicom Holdings Co Ltd Group	33%	Cyprus	0	11.501
Precious Success Ltd Group	49%	China	9.756	0
Intralot South Africa Ltd	45%	S. Africa	2.441	2.459
Other			281	311
			40.217	**26.967**

INTRALOT SA INVESTMENTS IN ASSOCIATES	% Participation	Country	Cost 31/12/12	Imp/ment	Impaired Cost 31/12/12	Impaired Cost 31/12/11
Bilyoner Interactif Hizmelter AS	25%	Turkey	499	0	499	499
Lotrich Information Co Ltd	40%	Taiwan	5.131	0	5.131	5.131
Nanum Lotto Co LTD	15%	S. Korea	5.970	0	5.970	5.970
Intralot South Africa Ltd	45%	S. Africa	2.300	0	2.300	2.300
Other			1	0	1	1
			13.901	**0**	**13.901**	**13.901**

INTRALOT S.A. INVESTMENTS IN SUBSIDIARIES	% Participation	Country	31/12/12	Impairment	31/12/12	31/12/11
Intralot De Chile S.A.	99,99%	Chile	0	0	0	0
Intralot Inc	85%	USA	9.253	0	9.253	9.253
Intralot De Peru SAC	99,98%	Peru	15.759	0	15.759	15.759
Pollot Ltd	100%	Poland	3.670	0	3.670	3.670
Poldin Ltd	100%	Poland	17	0	17	17
Intralot Holdings International Ltd	100%	Cyprus	8.464	0	8.464	8.464
Intralot Australia Pty Ltd	100%	Australia	114	0	114	114
Betting Company S.A.	95%	Greece	139	0	139	139
Maltco Lotteries Ltd	73%	Malta	6.993	0	6.993	6.993
Intralot Betting Operations Ltd	54,95%	Cyprus	2.000	0	2.000	2.000
Royal Highgate Ltd	5,69%	Cyprus	225	0	225	225
Inteltek Internet AS	20%	Turkey	67.326	0	67.326	67.326
Loteria Moldovei S.A.	47,90%	Moldavia	656	0	656	656
Intralot Asia Pacific Ltd	100%	China	295	0	295	295
Intralot Luxembourg S.A.	100%	Luxembourg	31	0	31	31
Intralot New Zealand Ltd	100%	N. Zealand	568	0	568	568
Intralot Iberia SAU*	100%	Spain	5.638	0	5.638	635
Intralot Iberia Holdings S.A.*	100%	Spain	0	0	0	60
Tecnoaccion S.A.	50,01%	Argentina	8.225	0	8.225	8.225
Intralot Beijing Co Ltd	100%	China	7.623	0	7.623	1.178
Intralot Argentina S.A.	100%	Argentina	493	0	493	453
Gaming Solutions International Ltd	99%	Colombia	0	0	0	0
Intralot South Korea S.A.	100%	S. Korea	75	0	75	75
Intralot Do Brazil Ltda*	80%	Brazil	6.228	0	6.228	6.387
Intralot Finance UK Plc	100%	UK	57	0	57	57
Intralot Interactive S.A.	51%	Greece	31	0	31	31
Intralot Nederland B.V.	100%	Nederland	91	0	91	91
Intralot France S.A.S.	100%	France	501	-501	0	501
Intralot Maroc S.A.	99,83%	Morocco	27	0	27	27
Intralot Minas Gerais Ltda*	24%	Brazil	0	0	0	1.442
Other			109	0	109	74
			144.608	**-501**	**144.107**	**134.746**
GRAND TOTAL			**158.509**	**-501**	**158.008**	**148.647**

*The subsidiary Intralot Iberia Holdings SA merged with Intralot Iberia SAU on 31/12/12 and Intralot Minas Gerais Ltda with Intralot Do Brazil Ltda on 01/10/12.

Group Structure

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

I. Full consolidation:		**Domicile**	**Direct Part'n %**	**Indirect Part'n %**	**Total Part'n %**
	INTRALOT S.A.	Maroussi, Attica	Parent	Parent	-
5.	BETTING COMPANY S.A.	Maroussi, Attica	95%	5%	100%
10.	BETTING CYPRUS LTD	Nicosia, Cyprus		100%	100%
	INTRALOT DE CHILE S.A.	Santiago, Chile	99,99%		99,99%
	INTRALOT DE PERU SAC	Lima, Peru	99,98%		99,98%
	INTRALOT INC	Atlanta, USA	85%		85%
	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	Nicosia, Cyprus	54,95%		54,95%
1.	ROYAL HIGHGATE LTD	Paralimni, Cyprus	5,69%	29,39%	35,08%
	POLLOT Sp.Zoo	Warsaw, Poland	100%		100%
	MALTCO LOTTERIES LTD	Valetta, Malta	73%		73%
	INTRALOT HOLDINGS INTERNATIONAL LTD	Nicosia, Cyprus	100%		100%
2.	LOTROM S.A.	Bucharest, Romania		60%	60%
2.	YUGOLOT LTD	Belgrade, Serbia& Montenegro		100%	100%
2.	BILOT EOOD	Sofia, Bulgaria		100%	100%
3.	EUROFOOTBALL LTD	Sofia, Bulgaria		49%	49%
4.	EUROFOOTBALL PRINT LTD	Sofia, Bulgaria		49%	49%
2.	INTRALOT INTERNATIONAL LTD	Nicosia, Cyprus		100%	100%
5.	INTRALOT OPERATIONS LTD	Nicosia, Cyprus		100%	100%
2.	INTRALOT BUSINESS DEVELOPMENT LTD	Nicosia, Cyprus		100%	100%
2.	INTRALOT TECHNOLOGIES LTD	Nicosia, Cyprus		100%	100%
14.	INTELTEK INTERNET AS	Istanbul, Turkey	20%	25%	45%
21.	LOTERIA MOLDOVEI S.A.	Chisinau, Moldova	47,90%	32,85%	80,75%
6,7,8	TOTOLOTEK S.A.	Warsaw, Poland		92,89%	92,89%
2.	WHITE EAGLE INVESTMENTS LTD	Hertfordshire, United Kingdom		100%	100%
2.	BETA RIAL Sp.Zoo	Warsaw, Poland		100%	100%
2.	UNICLIC LTD	Nicosia, Cyprus		50%	50%
9.	DOWA LTD	Nicosia, Cyprus		30%	30%
	INTRALOT NEW ZEALAND LTD	Wellington, New Zealand	100%		100%
2.	INTRALOT EGYPT LTD	Nicosia, Cyprus		88,24%	88,24%
11, 13, 2	E.C.E.S. SAE	Cairo, Egypt		90,03%	90,03%
2.	INTRALOT OOO	Moscow, Russia		100%	100%
	POLDIN LTD	Warsaw, Poland	100%		100%
	INTRALOT ASIA PACIFIC LTD	Hong Kong, China	100%		100%
	INTRALOT AUSTRALIA PTY LTD	Melbourne, Australia	100%		100%
	INTRALOT LUXEMBOURG S.A.	Luxemburg, Luxemburg	100%		100%
2.	INTRALOT ITALIA S.p.A.	Rome, Italia		90%	90%
13.	SERVICIOS TRANSDATA S.A.	Lima, Peru		100%	100%
	INTRALOT IBERIA SAU	Madrid, Spain	100%		100%
	INTRALOT IBERIA HOLDINGS S.A.	Madrid, Spain	100%		100%
	TECNO ACCION S.A.	Buenos Aires, Argentina	50,01%		50,01%
2.	GAMING SOLUTIONS INTERNATIONAL SAC	Lima, Peru		100%	100%
2.	GAMING SOLUTIONS INTERNATIONAL LTD	Bogota, Colombia	99%	1%	100%
	INTRALOT BEIJING Co LTD	Beijing , China	100%		100%
2.	NAFIROL S.A.	Montevideo, Uruguay		100%	100%
	INTRALOT ARGENTINA S.A.	Buenos Aires, Argentina	100%		100%
2.	LEBANESE GAMES S.A.L	Lebanon		99,99%	99,99%
16.	VENETA SERVIZI S.R.L.	Mogliano Veneto, Italia		90%	90%
	INTRALOT SOUTH KOREA S.A.	Seoul, S. Korea	100%		100%
	INTRALOT FINANCE UK PLC	London, United Kingdom	100%		100%

	I. Full consolidation:	Domicile	Direct Part'n %	Indirect Part'n %	Total Part'n %
	ATROPOS S.A.	Maroussi, Athens	100%		100%
2.	SLOVENSKE LOTERIE A.S.	Bratislava, Slovakia		51%	51%
17.	TORSYS S.R.O.	Bratislava, Slovakia		51%	51%
17.	TACTUS S.R.O.	Bratislava, Slovakia		51%	51%
	INTRALOT DO BRAZIL LTDA	Sao Paolo, Brazil	80%		80%
18.	OLTP LTDA	Rio de Janeiro, Brazil		80%	80%
18.	INTRALOT MINAS GERAIS LTDA	Minas Gerais, Brazil	24%	55,98%	79,98%
2.	INTRALOT INTERACTIVE S.A.	Maroussi, Athens	51%	24%	75%
14.	INTRALOT JAMAICA LTD	Kingston, Jamaica		100%	100%
19.	INTRALOT GUATEMALA S.A.	Guatemala City, Guatemala		100%	100%
20.	LOTERIAS Y APUESTAS DE GUATEMALA S.A.	Guatemala City, Guatemala		51%	51%
2.	INTRALOT ST. LUCIA LTD	Castries, St. Lucia		100%	100%
19.	INTRALOT DOMINICANA S.A.	St. Dominicus		100%	100%
19.	INTRALOT LATIN AMERICA INC	Miami, USA		100%	100%
	INTRALOT NEDERLAND B.V.	Amsterdam, Nederland	100%		100%
2.	NIKANTRO HOLDINGS Co LTD	Nicosia, Cyprus		100%	100%
22.	INTRALOT INTERACTIVE USA LLC	Atlanta, USA		85%	85%
2.	JACKPOT S.p.A	Rome, Italy		100%	100%
	INTRALOT MAROC S.A.	Casablanca, Morocco	99,83%		99,83%
14.	INTRALOT TURKEY A.S.	Istanbul, Turkey	50%	49,99%	99,99%
19.	INTRALOT CARIBBEAN VENTURES LTD	Castries, St. Lucia		50,05%	50,05%
23.	SUPREME VENTURES LTD	Kingston, Jamaica		24,97%	24,97%
24.	AZERINTELTEK AS	Baku, Azerbaijan		22,95%	22,95%
19.	INTRALOT SURINAME LTD	Paramaribo, Suriname		100%	100%
22.	DC09 LLC	Wilmington, USA		41,65%	41,65%
2,13.	NETMAN SRL	Bucharest, Romania		100%	100%
14.	INTRALOT DE MEXICO LTD	Mexico City, Mexico		99,8%	99,8%
	INTRALOT FRANCE S.A.S	Paris, France	100%		100%
2.	INTRALOT HONG KONG HOLDINGS LTD	Hong Kong, China		100%	100%
28.	INTRALOT DISTRIBUTION OOO	Moscow, Russia		100%	100%
2.	INTRALOT CZECH S.R.O.	Prague, Czech Republic		100%	100%
19.	CARIBBEAN VLT SERVICES LTD	Castries, St. Lucia		50,001%	50,001%
29.	INTRALOT GAMING SERVICES PTY	Melbourne, Australia		100%	100%
30.	INTRALOT LOTTERIES LTD	Nicosia, Cyprus	51%	49%	100%
2.	INTRALOT GERMANY GMBH	Munich, Germany		100%	100%
31.	INTRALOT GAMING MACHINES S.p.A.	Rome, Italy	2%	98%	100%
2.	INTRALOT BETTING OPERATIONS RUSSIA LTD	Nicosia, Cyprus		100%	100%
2.	KELICOM HOLDINGS CO LTD	Nicosia, Cyprus		100%	100%
25.	DINET ZAO	Moscow, Russia		100%	100%
26.	PROMARTA OOO	Moscow, Russia		100%	100%
32.	FAVORIT BOOKMAKERS OFFICE OOO	Moscow, Russia		100%	100%
	INTRALOT HOLDINGS LUXEMBOURG S.A.	Luxembourg, Luxembourg	100%		100%
22.	DEEPSTACK CASINO LLC	Atlanta, USA		85%	85%
30.	INTRALOT INVESTMENTS LTD	Nicosia, Cyprus	51%	49%	100%
5.	GAIN ADVANCE GROUP LTD	Hong Kong, China		100%	100%
15.	KETMS HOLDINGS CO LTD	Seoul, South Korea		100%	100%
	II. Equity method:	**Domicile**	**Direct Part'n %**	**Indirect Part'n %**	**Total Part'n %**
	BILYONER INTERAKTIF HIZMELTER AS GROUP	Istanbul, Turkey	25%		25%
	LOTRICH INFORMATION Co LTD	Taipei, Taiwan	40%		40%
	INTRALOT SOUTH AFRICA LTD	Johannesburg, South Africa	45%		45%
12.	GIDANI LTD	Johannesburg, South Africa		8,10%	8,10%
2.	KELICOM HOLDINGS CO LTD	Nicosia, Cyprus		33%	33%
25.	DINET ZAO	Moscow, Russia		33%	33%
26.	PROMARTA OOO	Moscow, Russia		33%	33%

II. Equity method:		Domicile	Direct Part'n %	Indirect Part'n %	Total Part'n %
27.	FAVORIT BOOKMAKERS OFFICE OOO	Moscow, Russia		24,75%	24,75%
33.	NANUM LOTTO CO LTD	Seoul, South Korea	15%	14%	29%
5.	PRECIOUS SUCCESS LTD GROUP	Hong Kong, China		49%	49%

Subsidiary of the company:		
1: Intralot Betting Operations(Cyprus) Ltd	12: Intralot South Africa Ltd	23: Intralot Caribbean Ventures Ltd
2: Intralot Holdings International Ltd	13: Intralot Operations Ltd	24: Inteltek Internet AS
3: Bilot EOOD	14: Intralot Iberia S.A.U.	25: Kelicom Holdings Co Ltd
4: Eurofootball Ltd	15: Gain Advance Group Ltd	26: Dinet ZAO
5: Intralot International Ltd	16: Intralot Italia S.p.A	27: Promarta OOO
6: Pollot Sp.Zoo	17: Slovenske Loterie AS	28: Intralot OOO
7: White Eagle Investments Ltd	18: Intralot Do Brazil Ltda	29: Intralot Australia PTY LTD
8: Beta Rial Sp.Zoo.	19: Intralot St.Lucia Ltd	30: Intralot Technologies Ltd
9: Uniclic Ltd	20: Intralot Guatemala S.A.	31: Jackpot S.p.A.
10: Betting Company S.A.	21: Nikantro Holdings Co Ltd	32: Intralot Betting Operations Russia Ltd
11: Intralot Egypt Ltd	22: Intralot Inc	33. KeTMs Holdings Co Ltd

The subsidiary Intralot Iberia Holdings SA merged with Intralot Iberia SAU on 31/12/12, Intralot Minas Gerais Ltda with Intralot Do Brazil Ltda on 01/10/12 and Torsys Sro with Slovenske Loterie AS on 01/10/2012.

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

Basic Financial Figures	Assets	Liabilities	Revenue	Profits / (Losses) after Taxation
BILYONER INTERAKTIF HIZMELTER AS	12.614	5.335	21.656	6.240
LOTRICH INFORMATION Co. LTD	13.141	1.312	3.117	-201
NANUM LOTTO CO LTD	119.752	3.504	2.400	-2.377
PRECIOUS SUCCESS LTD GROUP	19.447	368	39	-126
KELICOM HOLDINGS CO LTD GROUP	10.414	14.361	1.333	-2.859
INTRALOT SOUTH AFRICA LTD	15.795	10.963	6.331	350

The Group has also a number of shares of non significant value in subsidiaries and associates to which, in respect to INTRALOT SA, there is no parent- subsidiary relationship in the form of a legal entity.

The entity Inteltek Internet AS is consolidated with the full method as the requirements of IAS 27 are met.

The companies Atropos S.A., Nafirol S.A., Intralot France S.A.S and E.C.E.S. SAE are under liquidation. Yugolot's Ltd liquidation has been completed on October 2012 and its results influenced the profit and loss of the fourth quarter of 2012.

14. Business Combination

Acquisitions during 2012

In the third semester of 2012 the Group increased its share in the group of Kelicom Holdings Co Ltd from 33% to 100%. The net assets' carrying value and the fair value of the group Kelicom Holdings Co Ltd at the date in which the Group acquired control were:

	Fair Value	Carrying Value
	€000	€000
Tangible & Intangible fixed assets	32.302	1.302
Deferred tax assets	166	166
Trade and other receivables	21	21
Cash and cash equivalents	2.204	2.204
Total Assets	**34.693**	**3.693**
Non-current liabilities	6.610	6.610
Current liabilities	7.751	7.751
Value of Net Assets	**20.332**	**-10.668**
Intralot Group 100% participation	**20.332**	
Consideration *	**20.724**	
Goodwill on Acquisition	**392**	
The net cash outflow is analysed as follows :		
Cash and cash equivalents acquired	2.204	
Cash consideration given	0	
Group cash outflow	2.204	

* The above consideration was covered by offsetting receivables.

Furthermore, in the fourth quarter of 2012 the Group acquired 100% of the group Gain Advance Group Ltd which is active in the market of South Korea. The carrying and the fair value of the total assets of Gain Advance Group Ltd at the date when the Group acquired the control were:

	Fair Value	Carrying Value
	€000	€000
Investments	16.865	5.049
Cash and cash equivalents	5	5
Total Assets	**16.870**	**5.054**
Current liabilities	33	83
Value of Net Assets	**16.837**	**4.971**
Intralot Group 100% participation	**16.837**	

Consideration *	**16.881**
Goodwill on Acquisition	**44**
The net cash outflow is analysed as follows :	
Cash and cash equivalents acquired	5
Cash consideration given	0
Group cash outflow	5

* The above consideration was covered with the exchange of financial assets.

In addition, in the fourth quarter of 2012 the Group acquired 49% of the group Precious Success Ltd, which is active in the market of China. The consideration was covered with the exchange of financial instruments.

<u>Establishments during 2012</u>

Investment in Intralot Germany Gmbh by 100% (indirect), in Intralot Betting Operations Russia Ltd by 100% (indirect), in Intralot Holdings Luxembourg S.A. (direct), Intralot Investments Ltd by 100% (direct and indirect), in Intralot Gaming Machines S.p.A (direct and indirect) and in DeepStack Casino LLC (indirect).

<u>Changes in ownership percentage during 2012</u>

The Group decreased its investment in Intralot Brazil Ltda from 99,97% to 80%, through the merger of Minas Gerais Ltda.

<u>Subsidiaries' Share Capital Increase:</u>

Increase in the share capital of Intralot Italia S. p.A by € 10,3 million and in Intralot Beijing Co LTD by the amount of € 6,4 million.

<u>Discontinued Operations in the Group:</u>

The Group proceeded in the termination of the subsidiary Yugolot Ltd after the completion of the liquidation.

15. Other financial assets

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

	GROUP		**COMPANY**	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Opening Balance	**34.190**	**37.697**	**968**	**434**
Purchases	5.140	2.303	1.092	1.539
Exchange of financial instrument with shares	61	0	0	0
Disposals	-3.036	-6.134	-266	0
Fair value revaluation	251	324	-197	-1.005

Change In the consolidation method	-26.928	0	0	0
Foreign exchange differences	-59	0	-50	0
Closing balance	**9.619**	**34.190**	**1.547**	**968**

The above data concern:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Listed securities	4.019	30.264	50	14
Non-listed securities	5.600	3.926	1.497	954
Total	**9.619**	**34.190**	**1.547**	**968**

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Long-term Financial Assets	4.913	34.190	757	968
Short-term Financial Assets	4.706	0	790	0
Total	**9.619**	**34.190**	**1.547**	**968**

During the year 2012 Group gains from the fair value revaluation of the aforementioned financial assets amounting to € 251 thousand (2011:profit € 324 thousand) come from € 3.529 thousand profit (2011: profit € 2.955 thousand), reported at a special equity reserve and loss of € 3.278 thousand (2011: losses €2.631 thousand) reported to the statement of comprehensive income. Respectively, Company losses of € 197 thousand (2011: losses of € 1.005 thousand) are analyzed to gains of € 37 thousand (2011: losses 21 thousand) recorded at a special equity reserve and to losses of € 234 thousand (2011:losses € 984 thousand) reported to the statement of comprehensive income.

For investments that are actively traded in organized stock markets, fair values are determined in relation to the closing market values at the balance sheet date. For investments without quoted market price, fair values are determined by reference to the current market value of another item substantially similar, or are estimated based on the expected cash flows of the underlying net assets or are otherwise valued at acquisition cost.

16. Other long term receivables

Other long term receivables at 31 December 2012 are analyzed as follows:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Receivables	5.732	1.462	0	0
Receivables from related parties (Note 28)	4.391	9.222	0	0
Rent guarantees	1.812	1.010	0	0
Other receivables	76.015	87.244	445	447
	87.950	**98.938**	**445**	**447**

17. Inventories

Inventories (in thousand €) are analyzed as follows:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Merchandise – Equipment	39.386	45.468	32.795	38.738
Other	5.882	3.334	0	0
	45.268	**48.802**	**32.795**	**38.738**
Impairment	-1.735	-1.735	-1.735	-1.735
	43.533	**47.067**	**31.060**	**37.003**

For the period ended December 31, 2012 the amount transferred to profit and loss is € 9.463 thousand (2011: € 5.074 thousand) for the Group while the respective amount for the Company is € 20.002 thousand (2011: € 12.165 thousand).

18. Trade and other short term receivables

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Trade receivables	83.671	66.293	39.599	30.055
Receivables from related parties (Note 28)	14.397	24.538	180.626	178.459
Other receivables (1)	61.365	57.006	19.139	13.776
Less: Provisions	-10.770	-7.645	-49.956	-40.551
Prepaid expenses and other receivables	24.076	34.916	4.947	16.371
	172.739	**175.108**	**194.355**	**198.110**

(1) In the Group at 31/12/2011 is included a subsidiary’s pledged bank deposit of € 4.871 thousand to fulfill the collateral requirements for a bank loan.

The above receivables are non- interest bearing.

The maturity information of short-term and long-term receivable is a follows:

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
RECEIVABLES				
Trade receivables	89.404	67.755	39.598	30.055
Receivables from other related parties	18.788	33.760	180.626	178.459
Prepaid expenses and other receivables	163.267	180.176	24.532	30.593
Provision for doubtful debt	-10.770	-7.645	-49.956	-40.550
Total	**260.689**	**274.046**	**194.800**	**198.557**
MATURITY INFORMATION				
0-3 months	46.769	50.582	6.801	20.978
3-12 months	125.970	124.526	187.554	177.132
More than 1 year	87.950	98.938	445	447
Total	**260.689**	**274.046**	**194.800**	**198.557**

19. Cash and cash equivalents

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

The short term deposits are made for periods from one (1) day to three months 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 2012 consist of**:**

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Cash and bank current accounts	114.426	109.465	2.092	1.392
Short term time deposits	20.547	33.033	3.162	13.010
	134.973	**142.498**	**5.254**	**14.402**

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

20. Share Capital and Reserves

	GROUP	COMPANY
158.961.721 Ordinary shares of nominal value € 0,30 each	**47.689**	**47.689**

Reserves

Statutory reserve

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

Foreign exchange differences reserve

This reserve includes the exchange differences arising from the translation of foreign subsidiaries' financial statements. The balance of this reserve in the Group at 31 December 2012 was debit € 32,4 million (2011: € 29,9 million debit balance).

Tax free reserves and reserves specially taxed

The tax free reserves and reserves specially taxed, represent interest income which is either tax free or has been taxed at 15% at source. This particular income is not taxable provided that there will be sufficient profits from which the respective 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 thus has 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 2012 was €18.321 thousand for the Group (2011: 28.446 thousand) and € €15.564 thousand for the Company (2011: € 7.282 thousand).

Compound Financial Instruments reserve
This reserve refers to the convertible bond (note 21: LOAN A) and amounts to € 8.956 thousand (2011: € 8.956 thousand) for the Group on 31st December 2012 and for the company to € 10.726 thousand (2011: € 10.726 thousand).

Stock option reserve
This reserve concerns the stock option rights granted and amounts for the year ended 2012 to € 922 thousand for the Group and the Company(2011: € 21.765 thousand).

21. Long Term Loans

Long term loans at 31 December 2012 are analyzed as follows:

	Currency	Interest rate	GROUP	COMPANY
Loan A(€200.000.000)	EUR	2,25%	213.727	211.957
Loan B (€62.500.000)	EUR	6,10%	62.500	62.500
Loan C (€300.000.000)	EUR	6,74%	257.378	0
Loan D (25.000.000)	EUR	5,10%	14.255	0
Other			23.321	0
			571.181	274.457
Less: Payable during the next year (Note 26)			-183.685	-204.384
Repurchase of loan A			-66.722	-25.799
Equity Component			8.956	10.726
Long Term Loans			**329.730**	**55.000**

Sensitivity Analysis in interest rate risk

Year 2012		**Change in interest rate**	**Effect on profit before tax**
	Euribor 1M	+/- 1%	2.600
	Euribor 3M	+/- 1%	625
	Euribor 6M	+/- 1%	159

Year 2011		**Change in interest rate**	**Effect on profit before tax**
	Euribor 1M	+/- 1%	2.500
	Euribor 3M	+/- 1%	700

- Loan A: On December 20th, 2006, Intralot Luxembourg ("Issuer") issued a convertible bond with a face value of € 200 million maturing on December 20th, 2013, at which point the holders, 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 13.289.036 common shares of Intralot S.A.. Interest is payable semi-annually in arrears at a nominal interest rate of 2,25% per annum. The loan is listed at the Luxembourg Stock Exchange. The Group is in process of refinancing its convertible bond through capital markets with purpose the expansion of its activities.
- Loan B: The parent company has issued a bond amounting to 62,5 million EURO guaranteed by the parent company and a subsidiary of the Group. The financing bears floating interest with a

total average rate equal to 6,10%. The bonds has partial repayment in December 2013 and matures in December 2014.

- Loan C: In June 2012, the Group completed a refinancing agreement, , in its existing Revolving Credit Facility signed by a Group's subsidiary established in UK, maturing in December 2014. The Credit Facility is guaranteed by the parent company of the Group and its subsidiaries and provides a €300 million senior unsecured facility, of which €150 million consists of revolving credit facility while an equal amount is provided as term loan. The abovementioned facility of which 260 million were utilized by the Group bears a floating rate Euribor interest plus an weighted average margin of 6,74%. Amounts under the revolving credit facility may be borrowed, repaid and re-borrowed by the Group from time to time until maturity. Voluntary prepayments and commitment reductions under the Credit Agreement are permitted at any time in whole or in part, without premium or penalty (other than break-funding costs), for the revolving facility part. The Credit Agreement contains customary covenants such as Net Debt/Ebitda, Debt Cover and Interest Coverage. Group's ability to borrow under the Credit Agreement will depend on its remaining in compliance with the covenants contained in the Credit Agreement, including the maintenance of the applicable financial ratios. Group was in compliance with the covenants under the Credit Agreement as of 31/12/2012.
- Loan D: In July 2012 a foreign subsidiary signed a loan amounting to € 25 million, of which 15,86 million were utilized. The financing bears floating interest with a total average rate equal to 5,10%, is paid in monthly instalments and matures in July 2020. The loan is guaranteed with a letter of guarantee provided by the parent company.

The weighted average cost of capital of the long term loans is 4,82% in Euro and from 4% to 12% in the rest of the currencies.

In regards of the maturity loans are categorized as follows:
One to two years: Loan A, B, C
Two to five years: Loan D

22. Staff retirement indemnities

(a) ***State Insurance Programs:*** The Group's contributions to the State insurance funds for the year ended 31st December 2012 have been reported expenses and amount to € 14.552 thousand as stated in Note 5.

(b) ***Staff Retirement Indemnities:*** According to Greek Labor Law, employees are entitled to indemnity on dismissal or retirement, the amount of which varies depending on the years of service, salary level and the way the employee leaves employment (dismissal or 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.

Independent 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, details and the basic assumptions used in the actuarial study as at 31st December 2012 are as follows:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Present Value of unfunded liability	6.882	6.535	4.264	4.351
Unrecognized actuarial losses	-315	-974	-338	-928
Net liability on the balance sheet	**6.567**	**5.561**	**3.926**	**3.423**
Components of the net retirement cost in the year:				
Current service cost	1.044	813	437	413
Interest	245	194	218	173
Amortization of unrecognised actuarial (gain) or loss	0	33	0	33
Amortization of unrecognised service cost	-124	0	-112	0
Effect of cutting / settlement / termination benefits	57	120	58	95
Intragroup staff transfer	0	0	75	3
Benefit expense charged to income statement (Note 5)	1.222	1.160	676	717
Additional service cost	0	0	0	0
Total charge to income statement	**1.222**	**1.160**	**676**	**717**
Reconciliation of benefit liability:				
Net liability at beginning of year	5.561	4.808	3.423	2.879
Service cost	1.044	812	437	413
Interest	245	194	218	173
Amortization of unrecognised actuarial (gain) or loss	0	33	0	33
Amortization of unrecognised service cost	-124	0	-112	0
Effect of cutting / settlement / termination benefits	56	120	58	95
Benefits paid	-384	-320	-174	-173
Intragroup staff transfer	0	0	76	3
Subsidiary not consolidated	0	0	0	0
New consolidated entities	143	0	0	0
Foreign exchange difference	26	-86	0	0
Present Value of the liability at end of year	**6.567**	**5.561**	**3.926**	**3.423**

Basic assumptions:

Discount rate		5%
Percentage of annual salary increases	2013-15:0%, afterwards	4%
Increase in Consumer Price Index		2%

23. Share based benefits

Plans for employee participation in the share capital

The Group offers 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 Program III has been approved:

The Program III was approved by the Second Repeat Session of the Extraordinary General Assembly of the shareholders dated 16.11.2009, that took place on Monday, the 14th of December, 2009. The General Assembly decided the approval of the stock option plan to persons among those referred in paragraph 13, article 13 of Codified Law 2190/1920, as modified and standing (Program III) and more specifically that the above share purchase options be granted to the members of the Board of Directors, to General Directors, to Directors and Managers of the Company and of its affiliated companies, as defined in paragraph 5 of the article 42e of Codified Law 2190/1920, as well as to persons providing services in a regular basis to the Company and/or to the abovementioned affiliates. The exercise price the stock options was fixed to four (4) Euro per share while INTRALOT's shares that will be finally issued, in case all options to be granted are exercised, will not exceed eight millions (8.000.000) shares (i.e. approx. 5,03% of the share capital of the Company). For the settlement of stock options, the Company will proceed to increases of its share capital. The duration of this program will be four years, i.e. up to December 2013. Each beneficiary, during each year, will be entitled to exercise options which will not exceed 1/3 of the total number of options granted to him/her. In the event of a change in the number of shares of the Company until the designation, the provision or the exercise of stock options, both the number of the shares of the beneficiary, and the offer price will be readjusted so as to allow that the proportion of participation of each beneficiary to the share capital of the Company to remain constant. The Company's Board of Directors was authorized to draw up the relative regulation of the above-mentioned Program III and to regulate any other relative detail in relation to this. (Resolution of the Board of Directors on 28.01.2010).

Finally, the amendment of the current stock option program (Program II) for the purchase of shares was decided, so that no more options be granted other than those already granted. On February 12, 2010 INTRALOT S.A. announces that according to the Stock Option Plans terms, approved by the General Meeting of Shareholders of 14th December 2009, 235 persons mentioned in article 13 par. 13 of Codified Law 2190/1920 as in force, are entitled to exercise, during the time program III is in effect, – within a period of four (4) years and not later than 31.12.2013 - stock options with exercise price 4 Euro per share which if exercised all, will lead to the issuance of up to 6.227.000 new common Company shares. Depending on the number of stock options to be exercised by the beneficiaries, the Company's Board of Directors, with its decision, shall increase the Company's share capital – without modification to its Statute, pursuant to article 13 par. 13 of Codified Law 2190/1920, shall issue new common registered shares and proceed to all actions necessary for the listing of the new shares for trading in the Athens Stock Exchange.

INTRALOT S.A. announces that during 2012 no right was exercised by the beneficiaries of Program III.

Details regarding the Program III approved by the Board of Directors on 28.1.2010:

Option Program	Number of Options granted	Grant date	Expiry date	Volatility	Risk-Free Rate	Dividend Yield	Fair value per Option (€)
Progr. III - 1	2.070.667	31/3/2010	31/12/2013	44%	6,65%	3,00%	-
Progr. III - 2	2.070.667	1/1/2011	31/12/2013	44%	6,65%	3,00%	0,094
Progr. III - 3	2.070.667	1/1/2012	31/12/2013	44%	6,65%	3,00%	0,352
	6.212.000						

The total Option Fair value, estimated using the Binomial Model, is € 923 k, of which €1 k are included in the results of 2012.

24. Other Long Term Liabilities

Other long term liabilities at 31 December 2012 include:

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Other financial liabilities	0	0	0	0
Guarantees	13.115	12.978	0	0
Amounts due to related parties (Note 28)	43	64	0	0
Other long-term liabilities (1)	8.616	7.021	0	0
	21.774	**20.063**	**0**	**0**

(1) There are included derivative financial instruments with total amount for the Group € 4.716 thousand as at 31/12/2012 (31/12/2011 € 5.387 thousand).

25. Trade and Other Current Liabilities

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Trade Creditors	38.088	52.095	3.360	14.532
Amounts due to related parties (Note 28)	23.733	25.309	50.219	52.302
Winnings	19.674	17.848	0	0
Other Payables (1)	44.426	25.023	7.312	6.050
Taxes	10.901	10.234	2.314	1.976
Dividends payable	118	203	113	197
	136.940	**130.712**	**63.318**	**75.057**

(1) There are included financial derivatives with total value on 31/12/2012 € 1.843 thousand (31/12/2011 € 2.918 thousand) for the Group and on 31/12/2012 € 1.593 thousand (31/12/2011 € 2.242 thousand) for the Company.
The above amounts are non interest bearing.

The maturity of short-term and long-term liabilities is as follows:

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
PAYABLES				
Trade payables	38.088	52.095	3.360	14.532
Payable to related parties	23.776	25.374	50.219	52.302
Other payables	96.850	73.306	9.739	8.223
Total	**158.714**	**150.775**	**63.318**	**75.057**
MATURITY INFORMATION				

0-3 months	62.242	62.155	8.909	28.512
3-12 months	74.697	68.557	54.409	46.545
More than 1 year	21.775	20.063	0	0
Total	**158.714**	**150.775**	**63.318**	**75.057**

26. Short term loans and current portion of long term loans (including finance lease)

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

	GROUP		**COMPANY**	
	31/12/2012	**31/12/2011**	**31/12/2011**	**31/12/2011**
Loan in EURO	168.565	250.003	204.384	0
Loan in USD*	12.110	21.245	0	0
Loan in PEN	227	0	0	0
Loan in PLN	1.555	0	0	0
Loan in JMD	1.171	1.576	0	0
Loan in GTQ	0	264	0	0
Loan in TRY	0	0	0	0
Loan in BRL	57	27	0	0
Loan in ARS	0	41	0	0
	183.685	**273.156**	**204.384**	**0**
Leasing in EURO	7	3.173	0	0
Leasing in USD	2.133	2.594	0	0
Leasing in PEN	0	6	0	0
Leasing in AUD	58	39	0	0
	2.198	**5.812**	**0**	**0**
Total	**185.883**	**278.968**	**204.384**	**0**

* includes loans from related parties amounting to €256 thousand (note 28).

27. Contingent Receivables, Liabilities and Commitments

A. <u>LEGAL ISSUES PENDING</u>

a. On 5th September 2005 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 had been set for 14th February 2008 when the hearing was postponed for 8th October 2009; at that date the hearing was cancelled due to the national elections. No summons for the schedule of a new hearing date has been served to the company until now. By virtue of the above mentioned action the plaintiff withdrew of the action filed against the Company on 10th January 2003 with the same content, which was set to be heard on 18th May 2005, on which date the said hearing was cancelled. The Legal Department of the Company considers that, following the hearing of the case, the above-mentioned action would not be successful.

b. On 4th January 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. and INTRALOT INTERNATIONAL LTD proceeded to an additional joint intervention in favour of OPAP S.A.; this was scheduled for hearing on 3rd May 2007 but following a petition of the plaintiff the case was heard on 1st December 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 on 28/6/2006 which had been rejected by the Athens Court of Appeals with its decision no. 6377/2007. The defendants filed an appeal before the Supreme Court which was heard on 9th November 2009 and decision no. 1252/2010 was issued accepting the appeal and referring back the case to the Athens Court of Appeals which vindicated the defendants and dismissed the lawsuit with its decision no. 5189/2012. For the above case a provision had been made which has been reversed. No application for cassation has been served to the company until now.

c. INTRALOT filed before Multi Member First Instance Court of Athens its civil lawsuit dated 12th May 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 26th January 2006. On 18 January 2006 the company was served with an action filed by Mr. K. Thomaidis on 9th January 2006, 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 was scheduled for hearing on 14th December 2006. The suit of INTRALOT against Mr. K. Thomaidis was postponed to be heard on 14th December 2006. The two lawsuits have been heard together and the decision no 7936/2007 was issued declaring the lawsuit dated 9 January 2006 of Mr. Thomaidis as cancelled and accepting partially INTRALOT's lawsuit dated 12th May 2005. Until now, no appeal against this decision has been served to the company.

d. Against (a) publishing company "I. Sideris – Andreas Sideris Sons O.E.", (b) the Foundation of Economic and Industrial Researches (IOBE), (c) Mr. Theodosios Palaskas, Director of Research of

IOBE, (d) the Kokkalis Foundation, and (e) INTRALOT, a lawsuit of Mr. Charalambos Kolymbalis, was filed on 8th March 2007 before the Multi Member Athens First Instance Court. With his lawsuit, the plaintiff requests to be recognized as the sole creator of the project entitled "The financial consequences of sports in Greece" and his intellectual property right on this, and that the amount of € 300.000 to be paid to him as monetary compensation for moral damages. Date of the hearing was set the 20th February 2008 when it was postponed for 4th March 2009 and then again for 24th February 2010; on that date the hearing of the case was cancelled due to strike of the judicial secretaries. New hearing date was scheduled the 23rd May 2012 when the case was heard and the decision no. 5724/2012 of the Athens Multi Member Court of First Instance was issued which dismissed the lawsuit. No appeal has been served to the company until now.

e. On 26th July 2011 an action was served to INTRALOT SA and the company "Interstar Security LTD" from a former employee of INTRALOT SA claiming the payment of € 500.000 as compensation for moral damage.The hearing has been set for 6th March 2014.

f. The Company and its subsidiary "Intralot International Limited" and Mr. Socratis P. Kokkalis, filed before the Athens Multi Member First Instance Court their lawsuit dated 1 November 2012 against the company "Glory Technology Limited" having its registered offices in Cyprus and Mr. Athanassios K. Ktorides, resident of Cyprus, requesting to compel the defendants to pay, jointly and severally, because of slander and their unfair competitive behaviour:

- to the first plaintiff (Intralot) the amount of € 72.860.479,78 (including monetary compensation for moral damages amounting to € 25.000.000) with the legal interest as from the service of the lawsuit
- to the second plaintiff (Intralot International Limited) the amount of € 5.019.081,67 (including monetary compensation for moral damages amounting to € 5.000.000) with the legal interest as from the service of the lawsuit; and
- to the third plaintiff (Mr. Socratis P. Kokkalis) the amount of 50.424.019,73 € (including monetary compensation for moral damages amounting to 25.000.000 €) with the legal interest as from the service of the lawsuit.

The lawsuit was heard before the abovementioned court on 20 March 2013 in absentia of the defendants and the issue of the decision is pending.

On the other hand, the company "Glory Technology Limited" and Mr. Athanassios K. Ktorides filed before the same court their lawsuit dated 19 March 2013 claiming that with the filing of the abovementioned lawsuit (from which unfair competitive behaviour results, as they allege) moral damage was caused to them. With their lawsuit, the plaintiffs request from the court to compel the Company, "Intralot International Limited" and Mr. Socratis Kokkalis to pay jointly and severally monetary compensation for moral damages amounting to € 25.000.000 to each of the plaintiffs. The hearing of the case has been scheduled for 16 October 2013. The legal counsels of the Company estimate that this lawsuit will not succeed.

g. In Turkey, GSGM filed on 23rd January 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 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 vindicated Inteltek. GSGM filed an appeal. On 18th October 2007, Inteltek was notified that the appeal was rejected and, consequently, the decision of the First Instance Court of Ankara is final. GSGM filed an appeal against this decision which was rejected and the case file was sent back to the First Instance Court and the decision was finalized.

Inteltek had made a provision of 3,3 million TRY (€ 1,4 m) plus 1,89 million TRY (€802 k) relating to interest in its financial statements due to the probability of a negative outcome of the case which henceforth has been removed following the First Instance Court of Ankara decision. Moreover, Inteltek claimed the amount of TRY 2,34 million (€ 994k) (plus interest) which was paid in the 1st and 3rd reconciliation periods. Inteltek has initiated a lawsuit on 21st February 2008 to collect this amount. On 19 March 2009 the court vindicated Inteltek. GSGM filed an appeal against this decision and the appeal was accepted. Inteltek applied for the correction of the decision that was rejected by the higher court which returned the case to the court of first instance. The court of first instance on June 29, 2011 decided to insist on its initial judgment in favour of Inteltek. GSGM filed an appeal and the General Assembly of the Supreme Court of Appeals decided that the decision of the court of first instance on insisting is sufficient and the lawsuit file should be send to a chamber of the Supreme Court of Appeals for evaluation of the appeal requests of GSGM. The Supreme Court vindicated Inteltek and GSGM requested the correction of the decision which is pending. Inteltek requested the receivable from GSGM and GSGM paid the amount subject to the lawsuit on 13/12/2012 ie TL 5.797.372,24 (€ 2.461.625).

h. In Turkey, GSGM filed before the Ankara Tax Court a lawsuit against the local Tax Authority requesting the annulment of a penalty of an amount of TRY 5.075.465 (€2.155.095,33) imposed on GSGM, since the Tax Authority considers that stamp duty should have been paid by GSGM also for the second copy of the contract dated 29 August 2008 with Inteltek as well as for the letter of guarantee securing the minimum turnover of GSGM games. Inteltek intervened in the case before the abovementioned court in favour of GSGM because, according to the contract dated 29th August 2008, GSGM may request from Inteltek the amount that will be finally obliged to pay. The decision issued by the court vindicates GSGM and Inteltek and the abovementioned penalty was cancelled. The Tax Authority filed an appeal which is pending.

i. In Turkey, INTRALOT filed on 21 May 2009, before the Istanbul Court of First Instance a lawsuit against the company Teknoloji Holding A.Ş. ("Teknoloji") requesting from Teknoloji the amount of TRY 1.415.000 (€600.823,74) on the ground of unjust enrichment, since INTRALOT unjustly paid taxes which Teknoloji had to pay on dividends distributed by Inteltek. At the hearing of 15th September 2011 the court issued its decision and vindicated INTRALOT for the total amount claimed. INTRALOT filed an appeal for the time of the calculation of the interest and for the amount of the overdue interest, while Teknoloji filed an appeal complaining for the reasoning of the decision. The case is pending.

g. In Colombia, INTRALOT, on 22nd July 2004, entered into an agreement with an entity called Empresa Territorial para la salud ("Etesa"), under which it was granted with the right to operate games of chance in Colombia. In accordance with terms of the abovementioned agreement, INTRALOT has submitted an application to initiate arbitration proceedings against Etesa requesting to be recognized that there has been a disruption to the economic balance of abovementioned agreement to the detriment of INTRALOT and for reasons not attributable to INTRALOT and that Etesa to be compelled to the modification of the financial terms of the agreement in the manner specified by INTRALOT as well as to pay damages to INTRALOT (including damages for loss of profit) or alternatively to terminate now the agreement with no liability to INTRALOT. The arbitration court adjudicated in favour of Etesa the amount of 23,6 billion Colombian pesos (€10,1m). The application for annulment of the arbitration award filed by INTRALOT before the High Administrative Court was rejected. The Company filed a lawsuit before the Constitutional Court which was rejected. The Company has created relative provision in its financial statements part of which has already been used for the payment to Etesa of a letter of guarantee amounting to 7.694.081.042 Colombian pesos (€ 3.299.145,31).

k. Against the subsidiary Intralot Holdings International Ltd., a shareholder of LOTROM SA and against LOTROM SA, another shareholders of LOTROM SA, Mr. Petre Ion filed a lawsuit before the competent court of Bucharest requesting that Intralot Holdings International Ltd to be obliged to purchase his shares in LOTROM SA for € 2.500.000 and that LOTROM SA to be obliged to register in the shareholders book such transfer. Following the hearing of 28th September 2010 a decision of the court was issued accepting the lawsuit of the plaintiff. Intralot Holdings International Ltd and LOTROM SA filed an appeal which was rejected. The abovementioned companies further filed a recourse before the Supreme Court which was heard and rejected. To date, no enforcement procedure has been commenced. If an enforcement procedure commences, the abovementioned companies will examine the possibility of filing further legal means at the enforcement procedure.

l. In Poland, as a result of bet making points controls conducted by Custom Service bodies in 6 shops, a gambling law breach was claimed to be made by the "E-Promotion" program of the subsidiary "Totolotek Totomix SA" and a relevant administrative procedure was initiated which was concluded with the issue of a second instance decision of the Ministry of Finance for revocation of the six relevant licenses; the company filed a recourse against this decision before the Administrative Courts which was rejected and an appeal will be filed against the respective decision. In relation to all remaining shops a second instance decision of the Ministry of Finance was issued revoking their licenses. The company has filed a recourse before Administrative Courts which is pending. The company's management and its legal advisors estimate that the outcome of the recourse to the Administrative Courts will be finally positive. Since December 2012, new licenses have already been issued by virtue of which the subsidiary "Totolotek Totomix SA" operates and, therefore, the abovementioned cases will not affect its activities.

m. In August 2012, two British Virgin Island companies filed a Complaint in the United States Bankruptcy Court Southern District of Florida, Miami Division, against numerous defendants, including Supreme Ventures Limited ("SVL"), a publicly traded gaming company listed on the Jamaican Stock Exchange in which INTRALOT holds an indirect shareholding interest. Notably, as per SVL, the lawsuit is based on the same claims (related to demands arose before the acquisition of INTRALOT's participation in SVL), towards third parties, initial shareholders and/or directors of SVL, or not, which were brought in, and were recently rejected by the Jamaican courts, first by the Supreme Court and then again by the Court of Appeals. INTRALOT is named as a "Relief Defendant" which means that INTRALOT is not alleged to have been part - directly or indirectly - of any wrongdoing, since the alleged by the plaintiffs acts are made before the acquisition of SVL's shares by INTRALOT through the Jamaican Stock Exchange. Intralot agrees with SVL's opinion that the Complaint is wholly without merit and expects that it will be successful in the Florida courts, as it was in the Jamaican courts.

n. In Brazil, a former officer of a subsidiary company filed a lawsuit against such subsidiary requesting several amounts to be paid to him as fees resulting from his labour relationship amounting to appox. € 240.000 and from a services agreement calculated as a percentage 4% on the turnover of the subsidiary. According to the legal opinion dated 21st August 2012 of the local lawyers, the lawsuit will be dismissed.

Until 26 March 2013, apart from the legal issues for which a provision has been recognised, the Group Management estimates that the rest of the litigations will be finalized without a material effect on the Group's and the Company's financial position and results.

B. UNAUDITED TAX YEARS

COMPANY	YEARS	COMPANY	YEARS
INTRALOT S.A.	2011-2012	INTRALOT EGYPT LTD	2005-2012
BETTING COMPANY S.A..	2007-2010	E.C.E.S. SAE	2007-2012
BETTING CYPRUS LTD	2004-2012	INTRALOT OOO	2009-2012
INTRALOT DE CHILE S.A.	2008-2012	POLDIN LTD	2006-2012
INTRALOT DE PERU SAC	2008-2012	INTRALOT ASIA PACIFIC LTD	-
INTRALOT INC.	2002-2012	INTRALOT AUSTRALIA PTY LTD	2008-2012
INTRALOT BETTING OPERATIONS (CYPRUS) LTD	2005-2012	INTRALOT SOUTH AFRICA LTD	-
ROYAL HIGHGATE LTD	2006-2012	INTRALOT LUXEMBOURG S.A.	2010-2012
POLLOT Sp.Zoo	2010-2012	INTRALOT ITALIA S.p.A.	2009-2012
MALTCO LOTTERIES LTD	2007-2012	INTRALOT FINANCE UK PLC	2011-2012
INTRALOT HOLDINGS INTERNATIONAL LTD	2004-2012	INTRALOT IBERIA SAU	2008-2012
LOTROM S.A.	2010-2012	INTRALOT IBERIA HOLDINGS S.A.	2008-2012
YUGOLOT LTD	-	TECNO ACCION S.A.	2005-2012
BILOT EOOD	2005-2012	GAMING SOLUTIONS INTERNATIONAL SAC	2008-2012
EUROFOOTBALL LTD	2008-2012	GAMING SOLUTIONS INTERNATIONAL LTD	2010-2012
EUROFOOTBALL PRINT LTD	2008-2012	INTRALOT BEIJING Co LTD	2007-2012
INTRALOT INTERNATIONAL LTD	2005-2012	NAFIROL S.A.	-
INTRALOT OPERATIONS LTD	2005-2012	INTRALOT ARGENTINA S.A.	2007-2012
INTRALOT BUSINESS DEVELOPMENT LTD	2006-2012	LEBANESE GAMES S.A.L	-
INTRALOT TECHNOLOGIES LTD	2004-2012	VENETA SERVIZI S.R.L.	2010-2012
INTELTEK INTERNET AS	2007-2012	INTRALOT SOUTH KOREA S.A.	2007-2012
LOTERIA MOLDOVEI S.A.	1/10-31/12/09 & 2010-2012	SERVICIOS TRANSDATA S.A.	2008-2012
TOTOLOTEK S.A.	2006-2012	SLOVENSKE LOTERIE AS	2008-2012
WHITE EAGLE INVESTMENTS LTD	2010-2012	TORSYS S.R.O.	2008-2012
BETA RIAL Sp.Zoo	2006-2012	INTRALOT DO BRAZIL LTDA	2007-2012
UNICLIC LTD	2005-2012	OLTP LTDA	2009-2012
DOWA LTD	2005-2012	BILYONER INTERAKTIF HIZMELTER AS	2003-2012
INTRALOT NEW ZEALAND LTD	-	LOTRICH INFORMATION Co. LTD	2011-2012
INTRALOT ST.LUCIA LTD	2008-2012	GIDANI LTD	2007-2012
INTRALOT DOMINICANA S.A.	2009-2012	INTRALOT INTERACTIVE S.A.	2010
INTRALOT GUATEMALA S.A.	2009-2012	INTRALOT INTERACTIVE USA LLC	2009-2012
LOTTERIA Y APUESTOSA DE GUATEMALA S.A.	2009-2012	JACKPOT S.p.A.	2010-2012
INTRALOT LATIN AMERICA INC	2008-2012	NIKANTRO HOLDINGS CO LTD	2010-2012
INTRALOT JAMAICA LTD	2008-2012	TACTUS S.R.O.	2008-2012
INTRALOT NEDERELAND BV	2011-2012	ATROPOS S.A.	2009-2012
INTRALOT CARIBBEAN VENTURES LTD	2010-2012	NETMAN SRL	2010-2012
INTRALOT SURINAME LTD	2009-2012	AZERINTELTEK AS	2010-2012
SUPREME VENTURES LTD	2005-2012	INTRALOT TURKEY AS	-
DC09 LLC	2010-2012	INTRALOT MAROC S.A.	2010-2012
KELICOM HOLDINGS CO LTD	2006-2012	INTRALOT MINAS GERAIS LTDA	2010-2012
DINET ZAO	2009-2012	PROMARTA OOO	2009-2012
INTRALOT DE COLOMBIA (BRANCH)	2010-2012	FAVORIT BOOKMAKERS OFFICE OOO	2011-2012
INTRALOT HONG-KONG HOLDINGS LIMITED	2011-2012	INTRALOT DE MEXICO LTD	2010-2012
INTRALOT FRANCE SAS	2010-2012	INTRALOT DISTRIBUTION OOO	2011-2012
INTRALOT CZECH S.R.O.	2012	INTRALOT GAMING SERVICES PTY	2008-2012
INTRALOT GERMANY GMBH	-	KeTMS HOLDINGS CO LTD	2005-2012
GAIN ADVANCE GROUP LTD	-	INTRALOT BETTING RUSSIA LTD	2011-2012
INTRALOT GAMING MACHINES SpA	-	NANUM LOTTO LTD	2007-2012
CARIBBEAN VLT SERVICES LTD	2012	INTRALOT LOTTERIES LTD	2011-2012

There is a tax audit in progress in Intralot de Peru SAC for the year 2010, in Servicios Transdata S.A. for the year 2008, in Intralot Italia S.p.A for the year 2009 and in Jackpot S.p.A for the period

1/1/2010-08/03/2012. Furthermore, the tax audit has been completed in Pollot Sp. Zoo for the years 01/01/2005-31/12/2009, in Favorit Bookmakers Office OOO for the period 01/01/2009-31/12/2011 and in OLTP for the year 2009 as well as the VAT audit for the period 01/7-31/12/2007 in Totolotek S.A.. In the meantime, in Lotrom S.A. the tax inspection for the years 1/1/2004-2009 was completed with an effect in the company prior year's results of €1,3 mio, in addition to imposing taxes of €1,1 mio due to different estimation of the tax base recognition of some transnational transactions, which were set-off during prior year against tax receivables of the company amounting to € 0,3 mio, while the remaining balance will be set-off against further tax receivables after a relevant audit. In addition, there have been penalties of € 1 mio that have already been paid during 2012, as a prerequisite for a relative appeal of the company and have been recognised as claims. The company's legal consultants fully disagree and have already started an objection according to the relevant law for the cancellation of taxes imposed and the payback of the fines. A new tax inspection is under progress in Lotrom S.A., covering the period 01/06/2010-30/11/2011 regarding VAT. Also, the tax inspection for the years 01/01/2005-31/12/2009 in the companies Intralot International Ltd and Intralot Operations Ltd has been completed and for the years 01/01/2006-31/12/2009 in Business Development Ltd and as a result of the relevant negotiation with the responsible Cypriot authorities, the Group has managed to achieve a material discount on the initial claim, which finally amounts to € 6 mio and it was paid within the year 2013. It should be reminded that, following the revision notice to income tax return for the years 2005-2009, solely Intralot International Ltd was informed about a claim from tax authorities amounting to € 15,2 mio. The company and its legal consultants in cooperation with tax consultants consider this claim as groundless but taking into consideration the difficult fiscal condition in Cyprus the company decided to proceed in an agreement with the tax authorities for the amount of € 6 mio which will be paid in 2013. The companies Intralot Interactive S.A. and Betting Company S.A. have received an annual tax audit report with an unqualified opinion for the year 2012 from an audit company based on POL.1159/22.7.2011.

C. COMMITMENTS

(i) Operating lease payment commitments:

At 31st December 2012 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 31st December 2012.

Future minimum lease payments of non-cancelable lease contracts as at 31st December 2012 are as follows:

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Within 1 year	9.356	9.007	1.943	1.892
Between 2 and 5 years	32.335	31.706	7.273	7.423
Over 5 years	9.537	10.823	4.876	5.350

Total	51.228	51.536	14.092	14.665

(ii) Guarantees:

The Company and the Group at 31st December 2012 had the following contingent liabilities from guarantees for:

	GROUP		**COMPANY**	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Guarantees to third parties on behalf of subsidiaries	0	0	258.046	208.301
Bank guarantee letters	148.357	243.305	82.357	99.350
Other guarantees	9.300	500	9.300	0
	157.657	**243.805**	**349.703**	**307.651**

(iii) Financial lease payment commitments:

GROUP	**Minimum of the lease payments**	**Present value of the minimum lease payments**	**Minimum of the lease payments**	**Present value of the minimum lease payments**
	31/12/2012	**31/12/2012**	**31/12/2011**	**31/12/2011**
Within one year	2.488	2.199	6.343	5.812
After one year but not more than five years	5.696	5.360	7.860	7.229
After more than five years	0	0	0	0
Minus: Interest	-625	0	-1.162	0
Total	**7.559**	**7.559**	**13.041**	**13.041**

COMPANY	**Minimum of the lease payments**	**Present value of the minimum lease payments**	**Minimum of the lease payments**	**Present value of the minimum lease payments**
	31/12/2012	**31/12/2012**	**31/12/2011**	**31/12/2011**
Within one year	0	0	0	0
After one year but not more than five years	0	0	0	0
After more than five years	0	0	0	0
Minus: Interest	0	0	0	0
Total	**0**	**0**	**0**	**0**

28. Related Parties Disclosures

INTRALOT acquires goods and services from or sells goods and provides services to various related parties in the course of its ordinary business.
These related parties consist of subsidiaries, associates or other related companies being under common control and/or administration with INTRALOT.

Below there is a summary presentation of the transactions and balances with the related parties for the year 2012:

Amounts in thousand €	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
a) Sales of goods and services				
-to Subsidiaries	0	0	54.305	40.528
-to Associates	4.460	3.242	6.754	4.851
-to Other Related parties	4.845	7.755	4.577	5.655
b) Purchases of goods and services				
-from Subsidiaries	0	0	16.224	23.268
-from Associates	19	10	19	0
-from Other Related parties	23.251	19.338	19.504	16.953
c) Receivables (1)				
-from Subsidiaries	0	0	169.809	158.744
-from Associates	903	8.428	893	3.609
-from Other Related parties	17.296	24.738	9.924	16.106
d) Liabilities (2)				
-to Subsidiaries	0	0	27.872	29.106
-to Associates	6	13	6	13
-to Other Related Parties	25.046	26.455	21.781	22.718
e) Transactions and fees of key management personnel	9.671	9.095	5.075	5.608
f) Receivables from key management personnel	589	594	0	0
g) Payables to key management personnel	894	857	560	465
(1)The respective amounts analysed as follows:				
Total due from related parties	18.788	33.760	180.626	178.459
(less) long term portion (Note 16)	4.391	9.222	0	0
Short term from related parties (Note 18)	14.397	24.538	180.626	178.459
(2)The respective amounts analysed as follows:				
Total due to related parties	25.946	27.325	50.219	52.302
(less) long term loans	1.914	1.952	0	0
(less) long term liabilities (Note 24)	43	64	0	0
Short term to related parties (Note 25 & 26)	23.989	25.309	50.219	52.302

Sales of goods and services to related companies are at normal market prices. The outstanding balances at the end of the year are not secured and their settlement is made in cash. No guarantees are provided or taken for the above receivable. For the year ended 31 December 2012, the Company has raised a provision of € €17 mil. that relates to provision for doubtful debts of receivables from subsidiaries and has been recognized in the statement of comprehensive income of the year. The cumulative provisions for 31/12/2012 amount to €43,6 million.

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:

Positions: Swap
Inception of contract: 01/10/2008
Expiration: 01/10/2013
Amount: € 20 million

Positions: Swap
Inception of contract: 31/03/2009
Expiration: 31/03/2014
Amount: € 90 million

Interest Rate and foreign exchange Hedge:

Positions: Cross Currency Swap
Inception of contract: 12/08/2011
Expiration: 12/08/2014
Amount: € 4,88 million

Positions: Cross Currency Swap
Inception of contract: 29/09/2011
Expiration: 12/08/2014
Amount: € 0,9 million

Forward Currency Contracts/ Currency Options:

The Group has two open positions on option contracts, which qualifies for hedge accounting, amounting to AUD 5,48 million.

The Group from the fair value revaluation on 31/12/2012 of the above mentioned derivatives and the settlement of derivative instruments that had in its possession from 2011, recognized a gain of € 1,9 million (including deferred tax) in equity and a loss of €2,73 million in income statement.

FAIR VALUE ESTIMATION

For investments that are actively traded in organized markets, fair value is determined in relation to the closing market values at the balance sheet date. For investments where these is no quoted market price, fair values are determined mainly 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 that include the base of the investment or its acquisition cost.

Derivative financial instruments are valued at fair value at the date of the balance sheet. The fair value of these derivatives is calculated by reference of the market value and is verified by the financial institutions.

The Group classifies fair values using the fair value hierarchy that reveals the importance of the inputs used for the estimation of these valuations.
The levels of fair value are the following:

Level 1: quoted (unadjusted) prices in active markets with large volume of transactions for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (e. g prices) or indirectly(that is derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

GROUP	**Fair value 31/12/2012**	**Fair Value Hierarchy**		
		Level 1	**Level 2**	**Level 3**
Financial Assets				
Other financial assets	9.619	4.809	168	4.642
Derivative financial instruments	0	0	0	0
Financial liabilities				
Derivative financial instruments	6.559	0	6.559	0

COMPANY	**Fair Value 31/12/2012**	**Fair Value Hierarchy**		
		Level 1	**Level 2**	**Level 3**

Financial Assets				
Other financial assets	1.547	840	0	707
Derivative financial instruments	0	0	0	0
Financial liabilities				
Derivative financial instruments	1.593	0	1.593	0

During 2012 there were no transfers between Level 1 and 2 in the hierarchy of fair value or transfer in and out of Level 3.

GROUP	**Fair Value**	**Fair Value Hierarchy**		
	31/12/2011	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Other financial assets	34.190	3.578	27.269	3.343
Derivative financial instruments	0	0	0	0
Financial liabilities				
Derivative financial instruments	8.304	0	8.304	0

COMPANY	**Fair Value**	**Fair Value Hierarchy**		
	31/12/2011	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Other financial assets	968	14	0	954
Derivative financial instruments	0	0	0	0
Financial liabilities				
Derivative financial instruments	2.242	0	2.242	0

During 2011 there were no transfers between Level 1 and 2 in the hierarchy of fair value or transfer in and out of Level 3.

30. Other short and long term provisions

The Group's provisions in 31/12/2012 that refer to legal issues amount to € 6,9 million, to unaudited tax periods and tax audit expenses amount to €2,4 million and € 10,1 million refer to other provisions. The respective amounts for the Company amount to € 6,9 million (legal issues), € 1, 8 million (provisions for unaudited tax periods and tax audit expenses from chartered auditors) and € 7,1 million (other provisions).

Moreover, in the statement of comprehensive income of the Group is included an amount of € 1,4 million, which refers to an estimate for impairment of tangible and intangible assets and amount € 3,1 million which refers to receivable bad debts from third parties. Respectively, in the Company's statement of comprehensive income is included an amount of € 17 million that concerns estimate for impaired recoverable value of receivables from subsidiaries and an amount of € 2 million that concerns estimate for impaired recoverable value of receivables from third parties.

31. Comparatives

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

32. Debit / Credit Interest -Contiguous Expense /Income

	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Interest Expense	-17.841	-19.257	-13.216	-14.052
Losses on investments	-1.930	-1.258	-252	-984
Losses on derivatives	-3.447	-3.828	-1.502	-2.439
Finance costs	-18.587	-9.848	-9.319	-7.668
Discounting	-1.479	-1.664	0	0
Finance Expense	**-43.284**	**-35.855**	**-24.289**	**-25.143**
Interest Income	12.578	10.696	5.429	5.715
Gains on investments	7.133	12.316	596	6.574
Gains on derivatives	375	1.606	374	1.606
Dividends	2.250	0	19.131	12.398
Discounting	148	-2.509	0	0
Finance Income	**22.484**	**22.109**	**25.530**	**26.293**
Net Finance income/expense	**-20.800**	**-13.746**	**1.241**	**1.150**

33. Subsequent events

In January 2013, INTRALOT USA announced that the South Carolina Education Lottery (SCEL) approved an extension of its contract to continue to provide central gaming and statewide retail network systems, including associated gaming products and support services. The initial 7-year contract was extended for three additional years, until 2018, as provided in the original contract.

In January 2013, INTRALOT's subsidiary in Cyprus, Royal Highgate Public Company Limited, announced that it received an "A class" betting license, in order to continue to offer retail Betting services in the country, including the selection of sports events, odds compilation and risk management. The duration of the new license is 2 years. The license was granted according to the new Betting Law, which concerns companies that wish to offer retail betting services in the country.

In March 2013, in Spain INTRALOT repealed the betting license of its subsidiary in the Madrid region. This development has negligible effect in the financial results of the Group.

Following the recent events in Cyprus, INTRALOT discloses regarding the exposure of the Group's companies in Cyprus the following:

A. Bank Accounts
The balances of the Group's companies which were held in Cypriot banks based on the most recent data were:
Bank of Cyprus: 3 companies with the following amounts: EUR 0.48 mil, EUR 1.05 mil. and EUR 0.39

mil, respectively.
CPB: one company with EUR 0.1 mil. and 5 companies with minor amounts (between EUR 2,200 – 12,050)

B. Cypriot bank bonds
Bank of Cyprus bond booked at EUR 0.9 mil. in our accounts

C. Financials
The contribution of the activities of the Group's companies in Cyprus to the Group's revenues was 1.3% and to Ebitda 0.4% in 2012, while it is not possible to project the crisis' impact on their financials from the specific operations. In any case, they contribute a very small percentage to the consolidated financials and practically do not affect the Group's results.

Maroussi, March 26th, 2013

THE CHAIRMAN OF THE BOARD OF DIRECTORS

S.P. KOKKALIS
ID. No. AI 091040

THE VICE-CHAIRMAN OF THE BoD AND CEO

C.G. ANTONOPOULOS
ID. No. AI 025905

THE GENERAL DIRECTOR OF FINANCE & BUSINESS DEVELOPMENT

I.O. PANTOLEON
ID. No. Σ 637090

THE ACCOUNTING DIRECTOR

N. G.PAVLAKIS
ID.No. AZ 012557
H.E.C. License No. 15230/ A' Class

34. Summary Financial Information for the year January 1st to December 31st 2012

INTRALOT S.A.

INTEGRATED LOTTERY SYSTEMS AND SERVICES

Company's Number in the General Electronic Commercial Registry: 818201000 - (Public Companies (S.A.) Reg. No.: 27074/06/B/92/9)
Domicile: 64 Kifissias Av. & 3 Premetis Str., Maroussi 151 25
Financial data and information of Group and Company from 1 January to 31 December 2012
(Published in terms of article 135 of Law 2190, for Companies preparing annual consolidated and single financial statements in accordance with IAS/IFRS)
Amounts in thousands euro

The figures presented below aim to give summary information about the financial position and results of INTRALOT S.A. and INTRALOT Group. We, therefore , recommend to the reader before proceeding to any kind of investment decision or transaction with the company, to refer to the Company's web - site address, where the Annual Financial Statements in accordance to International Financial Reporting Standards are available together with the auditor's report.

Regulatory Authority: Ministry of Regional Development and Competitiveness (Societe Anonyme and Credit Division)
Web Site: www.intralot.com
Financial Statements approval date: March 26, 2013
Certified Auditor: George A.Karamichalis (Reg.No/S.O.E.L 15931)
Auditor Firm: S.O.L S.A.(Reg.No /S.O.E.L 125)
Type of Auditor's Report: Unqualified

Board of Directors:
Chairman - Socrates P. Kokkalis
Vice-Chairman and CEO - Constantinos G. Antonopoulos
Member - Andreas V. Papoulias
Member - Fotios Th. Mavroudis
Member - Dimitrios Ch. Klonis
Member - Dimitrios C. Chatzigrigoriadis *
Member - Anastasios M. Tsoufis *
Member - Sotirios N. Filos *
Member - Petros K. Souretis

*Independent non-executive directors

1. STATEMENT OF FINANCIAL POSITION GROUP / COMPANY

	GROUP		COMPANY	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
ASSETS				
Tangible Fixed Assets	240.693	263.640	15.507	24.513
Intangible Assets	363.824	285.436	50.602	43.852
Other Non-Current Assets	154.339	172.413	168.128	157.191
Inventories	43.533	47.067	31.060	37.003
Trade accounts receivable	177.445	175.108	195.145	198.110
Other Current Assets	134.973	142.498	5.254	14.402
TOTAL ASSETS	**1.114.807**	**1.086.162**	**465.696**	**475.071**
LIABILITIES AND EQUITY				
Share Capital	47.689	47.689	47.689	47.689
Other Equity Elements	255.545	251.671	73.583	70.874
Shareholders Equity (a)	303.234	299.360	121.272	118.563
Non-Controlling Interests (b)	80.615	75.908	0	0
Total Shareholders Equity (c)=(a)+(b)	383.849	375.268	121.272	118.563
Long-term Debt	329.730	228.009	55.000	260.454
Provisions / Other Long term Liabilities	53.895	53.318	17.985	19.550
Short-term Debt	185.883	278.968	204.384	0
Other Short-term Liabilities	161.450	150.599	67.055	76.504
Total Liabilities (d)	730.958	710.894	344.424	356.508
TOTAL EQUITY AND LIABILITIES (c)+(d)	**1.114.807**	**1.086.162**	**465.696**	**475.071**

2. TOTAL COMPREHENSIVE INCOME STATEMENT GROUP / COMPANY

	GROUP		COMPANY	
	1.1-31.12.2012	1.1-31.12.2011	1.1-31.12.2012	1.1-31.12.2011
Sale Proceeds	1.374.021	1.202.354	139.599	131.718
Less: Cost of Sales	-1.130.994	-990.123	-88.239	-91.877
Gross Profit / (Loss)	**243.027**	**212.231**	**51.360**	**39.841**
Other Operating Income	18.602	28.452	517	1.074
Selling Expenses	-43.124	-38.242	-7.069	-7.254
Administrative Expenses	-118.315	-108.317	-10.214	-9.524
Research and Development Costs	-10.326	-9.710	-8.274	-6.735
Other Operating Expenses	-9.906	-12.526	-19.563	-12.541
EBIT	**84.730**	**79.799**	**7.257**	**4.812**
Interest and similar charges	-43.284	-35.855	-24.289	-25.143
Interest and related income	22.484	22.109	25.530	26.293
Exchange differences	-831	-605	-1.736	109
Profit / (Loss) from equity method consolidations	95	-499	0	0
Operating Profit / (Loss) before tax	**58.422**	**57.038**	**6.262**	**6.120**
Less: taxes	-25.365	-21.453	-3.284	-4.515
Operating Profit / (Loss) after tax (A)	**33.057**	**35.585**	**2.978**	**1.605**
Attributable to:				
- Owners of the parent	6.116	17.701	2.978	1.605
- Non-Controlling Interests	26.941	17.884	0	0
Other comprehensive income for the year, after tax (B)	**-5.669**	**-3.891**	**686**	**-1.132**
Total comprehensive income after taxes (A) + (B)	**27.388**	**31.694**	**3.664**	**473**
Attributable to:				
- Owners of the parent	2.887	17.293	3.664	473
- Non-Controlling Interests	24.501	14.401	0	0
Profit / (Loss) after taxes per share (in euro)				
- basic	0,0385	0,1114	0,0187	0,0101
- diluted	0,0385	0,1114	0,0187	0,0101
Proposed dividend per share (in €)	0,002623	0,003535	0,002623	0,003535
EBITDA	**177.536**	**153.806**	**21.873**	**19.362**

3. STATEMENT OF CHANGES IN EQUITY GROUP / COMPANY

	GROUP		COMPANY	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net equity at the beginning of the year (1/1/2012 and 1/1/2011 respectively)	375.268	361.027	118.563	117.811
Effect on retained earnings from previous years adjustment	-690	1.323	-394	619
New consolidated entities	0	36	0	0
Total comprehensive income for the year after tax (continuing and discontinuing operations)	27.388	31.694	3.664	473
Increase / (decrease) in share capital	1.027	863	0	0
Dividends Distributed	-19.814	-17.277	-562	-719
Exercise of stock option rights	1	379	1	379
Sale of Subsidiary	0	275	0	0
Effect due to change in ownership percentage	669	-3.052	0	0
Net Equity at the end of the year (31/12/2012 and 31/12/2011 respectively)	**383.849**	**375.268**	**121.272**	**118.563**

4. CASH FLOW STATEMENT GROUP / COMPANY

	GROUP		COMPANY	
	1.1-31.12.2012	1.1-31.12.2011	1.1-31.12.2012	1.1-31.12.2011
Operating Activities				
Net Profit before Taxation (continuing operations)	58.422	57.038	6.262	6.120
Plus/Less adjustments for:				
Depreciation and Amortization	92.806	74.007	14.616	14.550
Provisions	7.657	12.320	19.720	13.404
Exchange rate differences	-178	-5.430	0	0
Results from Investing Activities	-384	-7.526	-17.775	-12.737
Debit Interest and similar expenses	43.284	35.855	24.289	25.143
Credit Interest	-20.234	-22.109	-6.399	-13.895
Plus/Less adjustments of working capital to net cash or related to operating activities:				
Decrease/(increase) of Inventories	5.130	-5.247	8.984	-6.682
Decrease/(increase) of Receivable Accounts	-12.327	1.793	-11.847	18.125
(Decrease)/increase of Payable Accounts (except Banks)	-3.208	-9.193	-20.255	2.663
Less:				
Interest Paid and similar expenses paid	33.609	27.451	15.224	16.644
Income Tax Paid	23.602	22.358	255	6.009
Net Cash from Operating Activities (a)	**113.757**	**81.699**	**2.116**	**24.038**
Investing Activities				
Purchases of subsidiaries, associates, joint ventures and other investments	868	4.250	-831	-2.461
Purchases of tangible and intangible assets	-119.013	-79.593	-11.825	-14.475
Proceeds from sales of tangible and intangible assets	1.760	772	0	50
Interest received	11.460	9.972	2.518	3.767
Dividends received	3.822	0	7.855	8.043
Net Cash from Investing Activities (b)	**-101.083**	**-64.599**	**-2.283**	**-5.076**
Financing Activities				
Cash inflows from Share Capital Increase	194	863	0	0
Cash inflows from loans	46.168	77.312	0	0
Repayment of loans	-40.339	-67.273	-8.419	-20.150
Repayment of Leasing Obligations	-5.902	-10.226	0	0
Dividends paid	-20.320	-16.755	-562	-716
Net Cash from Financing Activities (c)	**-20.199**	**-16.079**	**-8.981**	**-20.866**
Net increase / (decrease) in cash and cash equivalents for the year (a) + (b) + (c)	**-7.525**	**1.021**	**-9.148**	**-1.904**
Cash and cash equivalents at the beginning of the year	**142.498**	**141.477**	**14.402**	**16.306**
Cash and cash equivalents at the end of the year	**134.973**	**142.498**	**5.254**	**14.402**

Supplementary information:

1. The same accounting policies have been followed, compared with previous year financial statements 31/12/11 except for the changes resulting from the adoption of new or revised accounting standards and interpretations as mentioned in note 2.4 of the year-end financial statements.
2. The companies included in the consolidation of 31/12/12 and not in the consolidation of 31/12/11 due to subsequent acquisition are the following: Intralot Germany Gmbh, Intralot Betting Operations Russia LTD, Intralot Gaming Machines S.P.A, Intralot Holdings Luxembourg S.A., Deepstack Casino LLC, Intralot Investments LTD, Gain Advance Group LTD and Ketms Holdings CO LTD. Also the companies Nanum Lotto CO LTD and Precious Success LTD Group have been consolidated with the equity method. Kelicom Holdings Co Ltd, Dinet Zao, Promarta OOO and Favorit Bookmakers Office OOO are included in the Group's financial statements with the method of the full consolidation after the completion of their acquisition and gain of control during the third quarter of 2012. The associate Cyberarts Licensing LLC has not been consolidated since October 2011, when its disposal was completed. During 2012 the liquidation process of the subsidiary company Yugolot LTD was completed. Finally, the subsidiary Intralot Iberia Holdings SA merged with Intralot Iberia SAU on 31/12/12, Intralot Minas Gerais Ltda with Intralot Do Brasil Ltda on 01/10/12 and Torsys SRO with Slovenske Loterie AS on 01/10/12. (note 13 of the annual financial statements).
3. The Group's provisions that refer to legal issues up to 31/12/12 amounted to € 6,9 mio. The Group's provisions that refer to unaudited tax periods amounted to € 2,4 mio and the rest € 10,1 mio to other provisions. Respectively, the Company stated € 6,9 mio for provisions of legal issues, € 1,8 mio for unaudited tax periods and € 7,1 mio for other provisions.
4. The personnel employed as at 31/12/12 by the Company were 617 and by the Group were 5.541. Respectively, as at 31/12/11, the personnel employed by the Company were 629 and by the Group were 5.512.
5. Companies that are included in 31/12/12 consolidated financial statements are presented in note 13 in the annual financial report including locations, group percentage ownership and consolidation method.
6. The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries are presented in detail in the note 27.B of the annual financial report.
7. The amounts of expense/income included in the Group's comprehensive income statement as at 31/12/12 of € -5,7 mio (2011 : € -3,9 mio) concern: foreign exchange differences of € -5 mio (2011 : € -4,4 mio), derivative valuation of € 2 mio (2011: € 190 k), while ending amount of € -2,7 mio (2011: € 304 k), concerns the valuation of available for sale financial assets. Accordingly, the amounts of expense/income recorded in the comprehensive income statement as at 31/12/12 for the Company, amounted to € 686 k (2011: € -1,1 mio) regard: revaluation of available for sale financial assets, amounted to € 37 k (2011: € -1,4 mio) and € 649 k (2011: € 297 k) concerns valuation of derivative.
8. The Board will propose to the annual ordinary general meeting of shareholders, as per share dividend for 2012 the amount of € 0,002623.
9. Transactions (including income, expenses, receivables, payables) with related parties, are as follows:

	Group	Company
a) Income		
-from subsidiaries	0	54.305
-from associates	4.460	6.754
-from other related parties	4.845	4.577
b) Expenses		
-to subsidiaries	0	16.224
-to associates	19	19
-to other related parties	23.251	19.504
c) Receivables		
-from subsidiaries	0	169.809
-from associates	903	893
-from other related parties	17.296	9.924
d) Payables		
-to subsidiaries	0	27.872
-to associates	6	6
-to other related parties	25.046	21.781
e) BoD and Key Management Personnel transactions and fees	9.671	5.075
f) BoD and Key Management Personnel receivables	589	0
g) BoD and Key Management Personnel payables	894	560

Maroussi, March 26th, 2013

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE VICE-CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO	THE GENERAL DIRECTOR OF FINANCE AND BUSINESS DEVELOPMENT	THE ACCOUNTING DIRECTOR
S. P. KOKKALIS ID. No. AI 091040	C.G. ANTONOPOULOS ID. No.AI 025905	I. O. PANTOLEON ID. No. Ξ 637090	N.G. PAVLAKIS ID. No. AZ 012557 H.E.C. License No. 15230/A' Class