INTRALOT Group

ANNUAL FINANCIAL STATEMENTS
(based on the Article 4 of L.3556/2007)
FOR THE PERIOD ENDED December 31, 2016
ACCORDING TO
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. Antonios I. Kerastaris, Group 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 2016 to 31st December 2016, 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 29th March 2017 and have been published to the electronic address www.intralot.com.

Maroussi, 29th March 2017

The designees

Socrates P. Kokkalis	Antonios I. Kerastaris	Sotirios N. Filos
Chairman of the Board of Directors	Group CEO	Member of the Board

REPORT OF THE BOARD OF DIRECTORS-INTRALOT GROUP TO THE ANNUAL GENERAL ASSEMBLY OF THE SHAREHOLDERS FOR THE FISCAL YEAR 01/01/2016-31/12/2016

Dear Shareholders,

The past year was marked by important improvement of INTRALOT's financial structure as well as notable successes in the evolution of our operational capacities, bearing the fruits of important transformations that have taken place in the past couple of years. The results of such efforts are clearly reflected in our 2016 financial results.

During last year we began unfolding our strategic initiatives towards products' and services' portfolio enhancement and diversification based on a philosophy that addresses players' needs and drives their engagement, reaping the fruits of our R&D investments in areas such as Customer Relations Management and personalized Content Management Systems.

We achieved the consummation of important M&A deals that expand our market penetration capacity through synergies with strong local partners and enrich our product portfolio in markets such as Italy, Peru and Bulgaria while at the same time creating a lighter asset structure that frees up resources that will significantly contribute towards future growth.

The prospects for INTRALOT to open new markets are stronger than ever with more than 30 projects approaching maturity worldwide while targeted interventions and marketing efforts have strongly improved the performance and profitability in existing retail operations.

INTRALOT remains committed to shaping the future of our industry with next generation solutions that modernize lotteries around the world. At the same time we remain attached to the WLA principles of responsible gaming and the UN Global Compact principles for sustainable development by improving our related policies and reporting standards. We strive to keep our employees motivated in a safe and stimulating working environment and to create value for all stakeholders through policies that promote transparency and integrity.

We are extremely optimistic about the growing impact of our strategic initiatives towards stronger financial performance of our company and enhancement of our leadership position as a reliable partner in our industry across all areas of activity.

Regarding the Group's financial results in 2016, revenues increased by 7,1% to €1.323,6m from €1.235,5m in 2015. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) increased by 6,6%, reaching €175,8m from €164,9m in 2015. Profit before taxes from continuing operations decreased by 90,1% to €4,8m from €47,9m in 2015, while profit after taxes and after non-controlling interests from total operations was shaped to €0,9m from losses of €65,1m in 2015. Concerning Parent Company results, revenues were €65,5m in 2016, while losses after taxes were €0,4m.

During 2016 we successfully refinanced our €325m Senior Notes, due 2018, with a €250m bond, due 2021, reducing at the same time the annual bond servicing cost by 3%. In parallel, we negotiated our €200m revolving credit facility, achieving an increase in our available credit line by €25m and an extension to 2019. The quality of our pre-existing and incoming investors reflects the market's positive perception of our firm resulting from a carefully prepared roadshow designed to address a demanding investors' audience.

WHO WE ARE

Company Profile

INTRALOT, a public listed company established in 1992, is a leading gaming solutions supplier and operator active in 55 regulated jurisdictions around the globe. With €1,3 billion turnover and a global workforce of approximately 5.300 employees (3,450 of which in subsidiaries and 1,850 in associates) in 2016, INTRALOT is a robust corporation uniquely positioned to offer to lottery and gaming organizations across geographies ground breaking, market-proven solutions and operational expertise.

Through the use of a dynamic and omni-channel approach, INTRALOT offers an integrated portfolio of best-in-class gaming systems and product solutions & services addressing all gaming verticals (Lottery, Betting, Interactive, VLT). Players can enjoy a seamless and personalized experience through exciting games and premium content across multiple delivery channels, both retail and interactive. INTRALOT handles an average of €23,4 billion of wagers per year and has installed and operates more than 300.000 of its proprietary terminals around the world.

As member of the UN Global Compact, INTRALOT is a global corporate citizen committed to sustainable development, and is an active proponent of the principles of responsible gaming, possessing the WLA responsible gaming framework certificate.

The Company maintains the highest security certifications. INTRALOT is the first international vendor in the gaming sector that has been certified according to the World Lottery Association (WLA) Security Control Standard in 2012. Moreover, the Company has been certified with the ISO 27001 for its Information Security Management System (ISMS) and maintains the ISO 20000-1 certification on Information Technology Service Management.

INTRALOT contributes decisively to the future developments of the industry being a member of the major Lottery and Gaming Associations around the globe: Platinum Contributor of WLA, Premium Partner of European Lotteries, Top Sponsor of North American Association of State & Provincial Lotteries, Star Contributor of CIBELAE (Lottery Association for South America and the Iberian Peninsula), Gold Sponsor of Asia Pacific Lottery Association, Member of Gaming Standards Association and Gold Member of the Association of Gaming Equipment Manufacturers.

Recent Company Developments

Projects/Significant Events

In January 2016, INTRALOT announced its contract with the State Lottery organization of Chile, 'Polla Chilena de Beneficencia' S.A., for the management of its games, the provision of integrated, best-of-breed, technological solutions and services, as well as operational support services. Under the terms of the contract INTRALOT installed its flagship LOTOS™ O/S Gaming System, 2.700 Photon terminals, plus 800 Genion multi-functional terminals in Polla Chilena Points of Sale countrywide.

At the end of March 2016, INTRALOT's subsidiary, INTRALOT do Brasil, signed a six-year renewal contract to continue to operate the lottery games in the State of Minas Gerais in Brazil.

In April 2016, INTRALOT announced that its subsidiary INTRALOT NEDERLAND BV, signed an extension contract with the Nederlandse Staatsloterij/De Lotto, thereby pronouncing their merger and the establishment of a new gaming entity. The extension contract has a three-year term, until April 2019, with the potential of an additional year.

At the end of May 2016, INTRALOT signed an extension contract with Pacific Online Systems Corporation (POSC), a publicly listed company that operates the games of the Philippines Charity Sweepstakes Office (PCSO), until 31 August 2018. This is the 5th amendment between the two parties since the establishment of their cooperation in 2006, which has resulted in the continuous growth and expansion of services for POSC.

In October 2016, INTRALOT signed a cooperation agreement with FIFA's subsidiary Early Warning System (EWS) becoming an integral part of FIFA's global endeavor to promote and protect the integrity of football. By establishing a trusted communication platform, the two parties have agreed to exchange information on irregular and suspicious betting activities, so as to detect and prevent attempted manipulation and match-fixing.

Financing

In September 2016, INTRALOT S.A. announced the successful pricing of an offering of €250 million, (6,750%), Senior Notes due 2021, issued by its indirect subsidiary INTRALOT Capital Luxembourg S.A., a public limited liability. The Notes were admitted to the Luxembourg Stock Exchange's Euro MTF market.

In September 2016, INTRALOT Finance Luxembourg S.A. announced that it is offering to purchase, for cash, any and all of its outstanding notes of its €325 million (9,750%) Senior Notes due 2018 from holders of the Notes. According to information provided by Lucid Issuer Services Limited, €56,2 million aggregate principal amount of the Notes were validly tendered and were re-purchased at or prior to the Expiration Deadline.

In December 2016, INTRALOT announced the signing of a 3-year, €225 million syndicated loan facility—with a two-year extension option—out of its subsidiary INTRALOT Finance UK Limited. The facility refinanced the existing €200 million syndicated loan due May 2017, which was fully repaid.

M&A Activity

In April 2016, INTRALOT announced the acquisition of a 49% strategic stake in Eurobet, a leading gaming company in Bulgaria, via its Bulgarian subsidiary, BILOT.

At the end of June 2016, INTRALOT and Trilantic Capital Partners Europe (TCP), the controlling shareholder of Gamenet S.p.A., announced the completion of the incorporation of the Italian activities of INTRALOT into Gamenet. This step follows the announcement of a Memorandum of Understanding (MoU) and the signing of binding arrangements between the interested parties. The transaction was cleared by the competent Antitrust Authority and became effective on July 1, 2016. INTRALOT will participate in 20% of the combined operations, while TCP's control will amount to approximately 80%.

In August 2016, INTRALOT announced that it entered discussions, on an exclusive basis, with Tatts, regarding the potential sale of INTRALOT's Australian and New Zealand businesses.

At the end of November 2016, INTRALOT announced that it reached an agreement with the Nexus Group to sell 80% of INTRALOT de Perú S.A.C.—its fully-owned subsidiary in Peru— for a total cash consideration of $68,7 million, whilst continuing to be the company's technological provider. INTRALOT retains a 20% participation in INTRALOT de Perú S.A.C.'s capital stock.

Organizational Changes

In February 2016, INTRALOT S.A. announced that Diomedes Vassiliou stepped down as Group CFO effective February 29, 2016. The Board of Directors of INTRALOT appointed Mr. George Koliastasis as the new Group CFO, effective March 1, 2016. Mr. Koliastasis held the role of CFO of the INTRACOM Holdings Group prior to his appointment at INTRALOT.

In July 2016, INTRALOT announced that Mr. Argirios Diamantis joined the Company as Group Chief Technology Officer. Mr. Diamantis joined INTRALOT after serving as Chief Information Officer at Vodafone.

At the end of December 2016, INTRALOT announced the establishment of the Group Treasury & Investor Relations division under Mr. Evangelos Raptis, within the Group Finance function. As part of the reorganization, the Head of Capital Markets, Mr. Michalis Tsagalakis, will also act as Head of Shareholder's Services & Corporate Announcements.

Significant Transactions/Decisions affecting the Shareholding Structure

At the end of May 2016, based on the resolution of the Shareholder's Annual General Meeting, INTRALOT S.A. announced a share buyback program of up to 10% of its paid share capital, taking into account the shares which may have been acquired and held by the Company. The approved purchasing price was determined within the €1 to €12 range per share.

At the end of September 2016, INTRALOT announced that the position of Mittleman Brothers LLC increased to 10,216% of voting rights.

At the end of September 2016, INTRALOT announced that the company INTRACOM HOLDINGS, bought, on September 27, 1.750.840 of the Company's registered common shares, for a total amount of €1.750.840. On September 29, INTRACOM HOLDINGS acquired 309.959 of the Company's registered common shares, for a total amount of €309.959.

Significant Events after the end of the FY2016 - until the date of the Financial Statements release

In early February 2017, the Greek Organization of Football Prognostics S.A. ("OPAP") announced its new technology partners following a competitive selection process. As a result, INTRALOT's partnership with OPAP may end in the summer of 2018 after more than two decades of successful cooperation. For the last twelve months ended December 31, 2016, OPAP revenue represented approximately 2,0% of the Group top line.

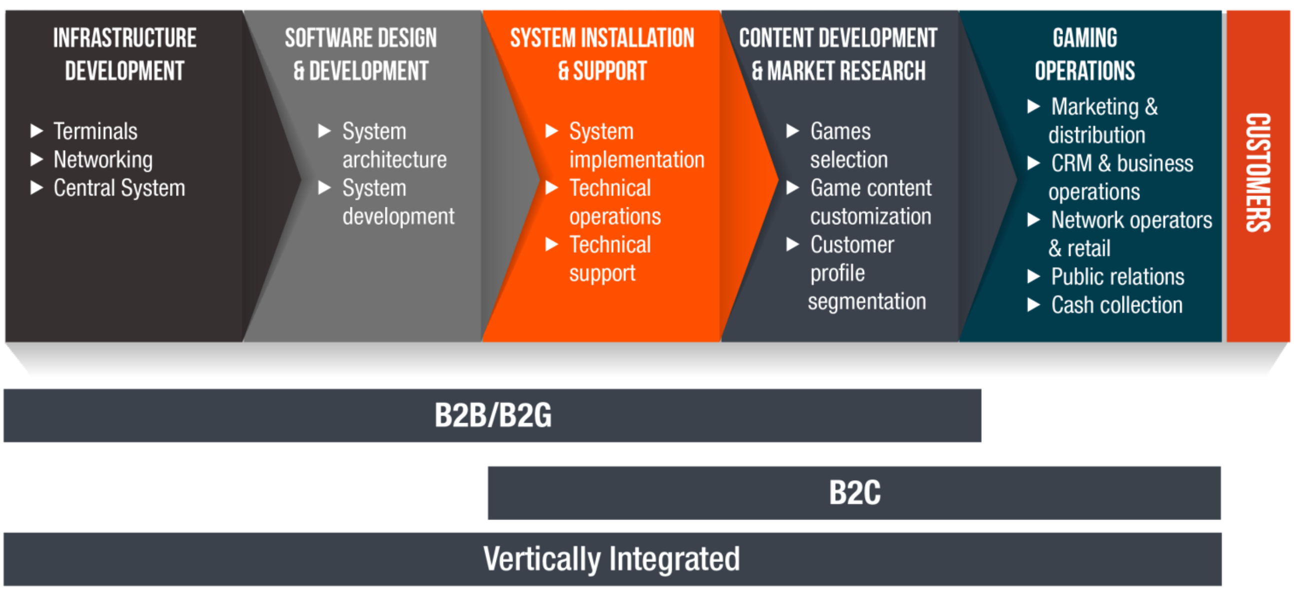
At the end of February 2017, INTRALOT Inc., a subsidiary of INTRALOT Group in the United States, announced the attainment of the Idaho Lottery contract after an open and highly competitive bidding. The contract's duration spans a ten year period, beginning October 1, 2017, through September 30, 2027, with the possible extension of two five-year terms. The contract value for the initial term is estimated at $60 million.

In March 2017, INTRALOT and AMELCO announced the signing of a definitive agreement for a strategic partnership to develop a suite of next-generation sports betting products. Under the partnership INTRALOT will integrate modules of AMELCO's market-leading ATS platform to develop a new groundbreaking, omni-channel, sports-betting solution.

Business Activities

INTRALOT taps the gaming market value chain end to end as one of the few vertically integrated operators that have the capabilities to manage and operate activities across the entire value chain. Our addressable market comprises of a large number of state owned and private licensed lottery operators.

Value chain of gaming market



The Group, under its contracts and licenses, functions both as a Business to Consumer ("B2C") operator, managing frontline customer facing activities, as well as a Business to Business ("B2B")/Business to Government ("B2G") operator, managing the support stages of the value chain for other "B2C" operators which may be public and or state owned. In practice, INTRALOT under its "B2B/B2G" operator hat provides hardware and software solutions as well as operational support services to "B2C" operators. Spanning end to end the gaming value chain offers INTRALOT a distinctive advantage as it has helped the Group to transfer knowledge and best practices from its "B2C" to "B2B/B2G" operations and vice versa.

Contractual arrangements

Typically, "B2B/B2G" and "B2C" engagements are carried out under three types of contractual arrangements, namely technology contracts, management contracts and licensed operations.

Technology and Support Services Contracts

Our technology and support activities are primarily comprised of the supply of technology solutions and support, with the overall operational responsibility remaining with a state or state licensed gaming operator. Our contracts in this segment typically include the provision of equipment, software and maintenance and support services to lottery and gaming organizations pursuant to long term contracts, which provide us with a high level of stable and recurring revenues. These contracts also include the design, development and implementation of software tailored to each jurisdiction and operation. We currently manage 55 individual technology and support services contracts across 40 jurisdictions through 20 subsidiaries. We believe that our technological expertise gives us a competitive advantage worldwide.

Under our technology and support services contracts, we are typically paid a fee by state or state licensed gaming organizations based on either (i) a pre-determined fixed percentage of customer sales (amounts wagered by players) or (ii) a fixed payment over the duration of the contract in respect of multi-year contracts. In addition, we periodically sell technology equipment and relevant services to other lottery and gaming operators.

Revenues under our technology and support services contracts are not subject to payout costs for player winnings. Our technology and support services contracts represented approximately 16,1% of our revenue and 31,3% of our revenue net of payout in the last twelve months ended December 31, 2016.

Management Contracts

Our management contracts activity is primarily comprised of the management of all aspects of a gaming organization. In addition to the provision of services included under our technology and support services activity described above, we manage day to day operations, marketing services, sales network and risk management/odds setting for sports betting. Under these contracts, the customer (who is the license holder of the gaming/lottery operation) typically retains responsibility for certain frontline tasks, as well as the management of retailers, cash management and game approvals in addition to oversight and regulatory control. We currently operate four management contracts in three jurisdictions through five subsidiaries.

We are paid a fee under our management contracts based on a fixed percentage of wagers. Revenue under our management contracts are not subject to payout costs for player winnings. Our management contracts represented approximately 8,8% of our revenue and 17,0% of our revenue net of payout in the last twelve months ended December 31, 2016.

Licensed Operations

Through our licensed operations activity, we are responsible for all aspects of a gaming operation, including the selection and provision of technology and its ongoing support, as well as the management of the operations. In addition, because we are typically the direct license holder, we are also responsible for our relationship with the local regulators. In many cases, our licenses are open ended since they do not have a fixed term or are automatically renewable as long as the licensed terms are complied with. We currently operate under 28 individual licenses through a combination of wholly and partially owned subsidiaries and joint ventures, across 14 jurisdictions. We operate through retail locations and online channels.

The revenue we generate from our licensed operations is based on the total amount of money wagered by players on various gaming products before payout for players' winnings. Our licensed operations represented approximately 75,1% of our revenue and 51,7% of our revenue net of payout in the last twelve months ended December 31, 2016.

The following table summarizes the principal products and services provided in each of our business activities:

	Technology and Support Services Contracts	Management Contracts	Licensed Operations
Description	Provision of: • Central gaming system • Lottery terminals • Telecommunications system/solutions • Related peripheral equipment and software • Implementation services • Maintenance and support services and/or • Monitoring systems for VLT operations	Management of all the aspects of a gaming operation: • Provision of Technology solutions as described under ''Technology and Support Services Contracts'' • Day-to-day operations • Marketing services • Sales network development and management and/or • Risk management/ odds setting for sports betting games	Ownership of a license to operate games including: • Management of services as described under ''Management Contracts'' and/or • Provision of technology solutions as described under ''Technology and Support Services Contracts''
Holder of License . . .	State or state-licensed operator maintains the license	State or state-licensed operator maintains the license	We or our associates maintain the license, which is acquired from the competent local/state government authority
Key Geographies	United States, Greece, Australia, New Zealand and Argentina	Turkey	Jamaica, Argentina, Bulgaria, Azerbaijan, and Malta
Other Geographies . .	Croatia, Chile, the Netherlands, Ireland, Germany, Kenya, Nigeria, Malaysia, Taiwan, Philippines and Suriname	Morocco and Russia	Poland, Slovakia, Peru, Italy, Moldova, Cyprus, Greece, Brazil and South Korea

Game Categories

Our services are offered across 5 distinct gaming market products, namely:

Lottery games, which represented 41,9% of our revenue in 2016, include the operation, supply of technology services for numerical and traditional lottery games, instant tickets and fast draw games in more than 70.000 POS with over 400 games across 36 jurisdictions on five continents in each of our three business activities.

Sports betting, which represented 41,6% of our revenue in 2016, includes the operation, supply of technology, bookmaking and risk management services for 17 sports betting contracts, with up to 5.000 concurrent events. We believe we are one of the leading sports betting providers in the state sponsored gaming sector in the world. In the case of licensed operations, we primarily operate through agents who bear the cost of operation, while we manage the sports book.

IT products and services, which represented 10,9% of our revenue in 2016, includes technology and operational services to state and state licensed organizations. These services are done on a fixed payment basis rather than as a percentage of wagers.

Video Lottery Terminals/Amusement with Prizes machines, which represented 3,0% of our revenue in 2016, include solutions and services for VLT monitoring, gaming venues and server based gaming. We operate and/or service over 80.000 gaming machines in 9 jurisdictions.

Racing, which represented 2,6% of our revenue in 2016, includes technology, content and integrated services for pari mutuel and fixed odds race betting on horse and dog racing events as well as virtual racing, with contracts in 9 jurisdictions.

Our Products and Research & Development

Product Strategy

INTRALOT's product strategy focuses on further enriching and strengthening our products and services portfolio, while placing the player at the center to offer a unique customer experience and to drive further player engagement through personalized and entertaining offerings.

Four pillars of our product strategy have been incorporated in our new products and services portfolio:

- **Customer experience** optimization through dedicated product surveys and usability testings of end-to end customer journeys
- **Modular platform architectures** to enable absorbing client needs with a flexible manner
- **Open** and **scalable** solutions to allow integrations with 3rd party products and services
- **Cost effectiveness** by decreasing development, maintenance and solution deployment costs

Our Product Portfolio

INTRALOT offers a broad range of technological solutions, products and services, in addition to extended know-how and experience in implementing essential solutions supporting lottery, sports betting, VLT/AWPs, racing, and interactive games for our customers and operations.

LOTOS Gaming Platform

LOTOS™ O/S is INTRALOT's integrated platform, which enables the management and support of on-line lottery gaming operations. It guarantees the effective, real-time management of games, and facilitates the creation and activation of new ones. The platform allows for dynamic and static reporting, comprehensive accounting, financial management, and a range of value-services. As of December 2016, more than 40 customers worldwide utilized the LOTOS platform to deliver and manage their online games and services.

INTRALOT Player Pulse

The INTRALOT Player Pulse is a complete gaming CRM system that includes an advanced Player Account Management system and a superior Marketing Tools suite, covering both online and retail operations across all platforms. It is based on the award-winning Bit8 platform (Software Rising Star Winner- EGR B2B Awards 2014) and it is integrated with all gaming verticals, as well as affiliate systems, payment providers, communication systems and more. INTRALOT Pulse provides all functions necessary to manage players and their attributes. As of December 2016, the INTRALOT Pulse has been deployed to 1 retail and online operation.

INTRALOT Retailer Pulse

The Retailer Pulse is the evolution of INTRALOT's tried and true Retailer Management System. It is a CRM platform aimed at reshaping the retail universe by empowering retailers and streamlining operations. The platform consists of three functional pillars that cover network management, financials and engagement, and logistics. Localized profiling algorithms, a blend of qualitative and quantitative data, offer lotteries the ability to strategically group retailers and present them with the most suitable offer combination. The Retailer Pulse will be ready by April 2017, but its predecessor is installed in 35 jurisdictions around the world.

CANVAS Platform

CANVAS is our leading content management solution. It forms the basis of implementation and management for all internal and external user interfaces, content management, and delivery. CANVAS is capable of driving content from both INTRALOT and third-parties as well as interfacing and interworking with central systems, CRM, and other third-party systems and platforms. As of December 2016, Canvas has been deployed to 9 customers.

Intralot Mobile

A whole new experience in mobile gaming. A collection of native mobile applications and responsive mobile web portals for all gaming verticals that complement each other, allowing operators to create comprehensive and engaging mobile experiences for their customers.

Remote Gaming Server (RGS) & Interactive Instant Win Games

One of our recent product investments is the Remote Gaming Server (RGS) and instant win games. The RGS is a software system that handles bet transactions from game clients, and computes game mechanics based on random number generator values. The platform is tailored to provide functional game content integration for server-based, VLT/self-service terminals, mobile, and online gaming platforms. As of December 2016, the company maintains a library of approximately 100 games with a perpetually expanding portfolio.

Horizon View

Horizon View is an intelligent multimedia content management system optimized for retail network environment in gaming business. The turn key solution comprises of an integrated product mix of software, hardware, and services providing top quality gaming content creation, management, delivery, and playout.

INTRALOT Terminals Solutions

We optimize, design and supply a full range of gaming terminal equipment (Self Service-, Vending-, Retail- Point of Sales). Our terminals could be sold as standalone hardware or bundled with the terminal application software to operate lottery games and all the necessary retail point of sale functions. The terminal application software and all the supportive software drivers/algorithms are coded, developed, optimized and adjusted on hardware by us. As of December 2016, we had approximately 306.000 lottery terminals deployed worldwide.

Services

Due to the inherent complexity of our products, INTRALOT offers ongoing, after-sale operational and technical support and maintenance, to ensure the uninterrupted and efficient operation of our products and services. These support services include help desk support for retailers and lottery personnel, preventive and corrective maintenance of central systems, and maintenance of installed equipment. We also provide a comprehensive training portfolio which includes detailed operational and technical support, marketing seminars, and training modules. Our system operation services include the operation and administration of gaming systems, networks and technology infrastructures to ensure continuous system availability, quality of delivered services, and flexibility in resource utilization. We offer interactive managed services to lotteries, state and state-licensed organizations. Our interactive services focus on customer acquisition and retention by approaching target groups through cross-channel marketing, search engine marketing, social media, mobile marketing, and affiliated management. In addition to the multimedia content that is displayed within the POS through LOTOS Horizon and in order to further enhance our customers' means of reaching players, INTRALOT offers a comprehensive media broadcasting portfolio of services and know-how that includes animated information, targeted messaging, a 24-hour lottery dedicated media channel, and virtual studio draws.

Knowledge Transfer

Over the years, INTRALOT through its exposure in the licensed operations business has gained significant expertise and know-how. Its global presence has served to create pockets of expertise that are selectively seeded throughout our operations, either "B2C" or "B2B/B2G" operations, as well as incorporated during product design. Our Azerbaijan operation is one recent such example, where best practices from our Betting operations in Italy were transferred and applied successfully.

Besides operational excellence, product design and implementation services are revisited after each new project, as to transfer know-how to all future installations and product development efforts targeting to minimize effort. A characteristic example is our new contract in Chile, where the breadth and depth of our new developed portfolio has been implemented. The Chilean contract is considered a milestone for INTRALOT, as it has served to strengthen our product portfolio and enhance many of our leading technology and pioneering gaming services.

Research & Development

INTRALOT continuously invests in innovative solutions that are based on the development and improvement of novel and existing products. As a result, INTRALOT's customers enjoy the benefits of cutting-edge technology. One of the main principles of our corporate philosophy, and one that contributes to our leading position in the industry, revolves around our passion and emphasis in designing and developing innovative and effective solutions.

Through its dedicated Innovation Lab (i-Lab), INTRALOT provides all the necessary tools for innovation, from conceptualization to materialization; INTRALOT has created an environment in which innovative ideas can be conceived, researched, and developed into state of the art solutions. In January 2016, we began establishing competence centers which serve as innovation hubs in Malta, the Philippines, and Greece. INTRALOT has adopted proven, advanced R&D methodologies and best practices, in all system designs and implementations. R&D activities support the LOTOS™ O/S platform evolution, 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 and value-added services.

INTRALOT Group for the 11th consecutive year was ranked amongst the top 1.000 European organizations of the '2016 EU Industrial Research & Development Investment Scoreboard' prepared and published by the European Commission. Committed to a strategy with constant focus on Innovation, INTRALOT is the 643th most significant R&D investor in Europe. The R&D Scoreboard measured the total value of INTRALOT's global R&D investment financed with its own funds, irrespective of the location where the relevant R&D took place.

With our investments in research and development, we believe we are at the forefront of innovation and product development. Some of our recent products developments:

- **Mobile Lottery**: an innovative, patent awarded, mobile application, that enables participation in all games anytime, anywhere and allows operators to offer and monetize the lottery experience on mobile devices
- **Tap & Bet**: a new and simple way of participating in sports betting aimed at subduing the factors causing individuals to not participate in the game
- **Horizon Cinematic experience**: the next generation retail display on 4K / UHD TVs of multiple content on a set of split screens, providing top quality visualization of sports live events and data feeds.
- **Proton**: a next generation all-in-one Lottery terminal based on patent based digital imaging technology processing playslips, lottery tickets and scratch ticket barcodes, designed for extremely limited space applications
- **Canvas**: an advanced CMS platform that facilitates personalization, content homogeneity and unified customer experience across all channels combined with the flexibility of supporting multiple gaming verticals
- **Pulse Player**: a complete gaming CRM system that includes an advanced Player Account Management system and a superior Marketing Tools suite, covering both online and retail operations across all platforms

Apart from in-house R&D, INTRALOT is cooperating with leading educational institutions. Inside this collaboration framework 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 and looks forward to introducing more innovative technological solutions, pioneering gaming content and new gaming technologies.

As of December 2016, INTRALOT held approximately 130 patents and designs worldwide and had approximately 83 additional patents at various stages of approval. Our most recent patents include an innovative mobile lottery application, a novel fraud prevention and detection system for lottery and betting operators, a unique game that combines a selection of figures and numbers, a novel graphical representation method for displaying draw results, and a high-end system using a camera for reading lottery/betting slips in different conditions.

BUSINESS REVIEW

Industry Overview & Market Drivers

Global gaming market

The gaming industry consists of lotteries, casinos, sports betting and horse racing, bingo, gaming machines and online gaming. According to H2GC estimations, the total Gross Gaming Revenues (Gross Turnover less the amount paid to players' winnings) for the Fiscal Year 2016 is €355 billions, including the interactive operations. It is projected that till 2020, the market will have grown with a CAGR'16e-'20e at 3,2% (€402,6 billions). In 2016, the two largest regions were North America and Asia, which both represent the 65% of the total gaming market. For both these regions, Casino is the product that generates the majority of their GGR, 32% of the Asian GGR and the 54% of the North American. We consider 66,0% of total GGR as our addressable market, which includes lottery games, sports betting, horse racing, gaming machines, interactive gaming and other activities, such as bingo. Our addressable market excludes casinos and Native American (i.e. Indian) gaming.

Total Global GGR (€bn)	2011	2012	2013	2014	2015	2016e	2017e	2018e	2019e	2020e	CAGR '16e-'20e
Africa	2,5	2,6	2,9	2,9	3,2	3,3	3,4	3,6	3,7	3,9	4,1%
Asia	98,7	106,8	117,7	122,5	109,1	109,8	113,7	118,1	122,9	128,3	4,0%
Europe	90,0	90,9	90,6	92,3	94,1	97,4	100,2	103,3	105,6	109,2	2,9%
Latin America	7,5	8,1	8,3	9,1	9,5	9,9	10,3	10,7	11,1	11,4	3,4%
North America	109,7	112,2	110,9	113,9	116,2	116,9	121,6	124,7	127,5	130,5	2,8%
Oceania	15,4	15,9	16,2	16,6	16,9	17,4	17,9	18,4	18,8	19,3	2,6%
Global Total	**323,8**	**336,5**	**346,6**	**357,3**	**349,0**	**354,7**	**367,1**	**378,8**	**389,6**	**402,6**	**3,2%**

Source: H2 Global Summary May'16. Data for the Fiscal Years 2016-2020 are estimated by H2GC.

Each gaming jurisdiction is at a different stage of the development cycle and is therefore subject to its own distinct dynamics. The main drivers of the development cycle include introduction of stable and clear regulatory regimes, product innovation, liberalization and privatization.

Driven by country and state budget deficits and increased demand for social welfare spending, post financial crisis regulatory initiatives have fueled growth in the global gaming market. However, there will be an ever greater fragmentation of regulatory approaches, with a number of different models being adopted across countries.

Introduction of regulatory regimes

Stable and clear regulatory regimes have proved favorable for operators and provide players with additional security and responsible gaming frameworks. Regulation within such frameworks evolves in the direction of improving the perception of gaming as a pastime, taking into account the interest of all stakeholders including governments' focus on higher revenue for good causes, wider private operators' involvement and consumers' interest in entertainment and chance to win. Overall, all gambling segments will face tighter rules on anti-money laundering, know your customer and responsible gambling requirements over the year ahead.

Product innovation

The industry is making huge strides towards meeting the needs of the modern consumer. There is the focus on integrating mobile into the retail playing experience, on innovating and optimizing retail operations, on creating the seamless player journey amidst the evolution towards the omni-channel model, on innovating game content and business processes, on so many fronts. Strategies focus on optimizing the lottery playing experience and journey.

Big data is slowly being replaced by smart data, where the focus is on creating full player profiles, understanding what attracts audiences and why, across all different sales channels. Smart data builds on deeply understanding customers so as to provide the operator with decision-making opportunities that will maximise the potential of the business. As play-styles and preference categories are becoming narrower and narrower, the trend is to appeal to smaller and smaller market segments, where products are customized to appeal to the unique preferences of the individual. More specifically, product innovation focuses on:

- Managing contextual and personalized content in desktop, mobile screen, retail terminals, Self-Service and easy play solutions.
- Engaging players with loyalty and 2nd chance schemes and use intelligent promotions to drive further sales.
- Empowering retailers to optimize their business in conjunction with anonymous and eponymous promotions.
- Introducing gamification of existing lottery games together with new game areas, such as skill based games with leaderboards, progressive jackpots.

Online Gaming legislation

Each country reviewed has taken an idiosyncratic approach to the sector, which leaves internationally focused companies continue to face challenges of complying with a range of different requirements in each country. Tax rates, license fees, permitted products, testing standards, land-based requirements, administrative costs, technical solutions to safeguard the market from unlicensed operators, and restrictions on marketing and supply are all important factors that operators weigh against entering a new market. Specifically for online gambling, new market openings are set to be accompanied by a further spread of website and payment blocking regimes, as more novel enforcement tactics are also considered in jurisdictions such as Australia and South Africa.

Privatization

At present, state-run lotteries contribute to approximately 78% of global lottery sales (including instant tickets and excluding KENO) with privately managed or licensed operators accounting for the remainder. There is an increasing trend for governments to outsource the operation or management of their lotteries, which represents a significant opportunity for private operators. Recent examples include the New South Wales, Australia, Government's decision to award the concession to operate Lottery games to a private operator, the Irish Government's recent award of a concession to operate the Irish National Lottery, the Greek Government's award of a 12-year concession to operate and manage instant and draw tickets in the country and the Turkish Government's ongoing process to privatize its national lottery, Milli Piyango, through the sale of a ten-year concession.

Gaming market trends by region

The region of North America is the pioneer in the global gaming GGR. In 2016, the regional market generated €117 billion and is forecasted to perform a CAGR'16e-'20e at 2,8%, which is translated into €130 billion in 2020e. In the United States, where 48 out of 50 states offer a type of gambling, casino is the first product in total GGR with +3,6% CAGR '16e-'20e and lotteries follow with +2,7% CAGR '16e-'20e. In Canada, government-operated gaming is the vast majority of the gaming revenues which includes bingo, casinos, electronic gaming machines, internet gaming and lottery. According to GBGC analysis, the market is to grow at slightly below historical levels as a result of same-store sales growth initiatives (e.g. Powerball), the ongoing outsourcing of lottery management and the introduction of a regulatory framework for online gaming.

Asian gaming market is estimated to be one of the largest gaming market by GGR following North America. It is estimated to have accounted for 31% of global gaming GGR in 2016 (€110 billion) with CAGR'16e-'20e at 4%. Based on GBGC, the market is to grow at near historical levels primarily driven by opportunities in sports betting and mobile and online gaming in China, as well as betting and casino expansion in countries such as the Philippines and Macau.

Europe remains the most mature market worldwide (€97,4 billion) with the wider products' variety legally offered, despite the challenging economic environment. Lottery is the most mature vertical in the European markets, accounting for €34bn in 2016 and betting is the product with the highest potential for growth with +4,7% CAGR '16e-'20e. 2017 is set to be an eventful year with a number of initiatives, such as same-store-sales growth through the launch of new products (e.g. EuroJackpot), a higher number of VLTs in Italy and Greece, new regulation in markets that will result in the enfranchisement of legal operators and consumers (e.g. Denmark and Poland) and an increase in demand for interactive forms of gaming.

Latin America and Africa are estimated to have contributed to 3% and 1% of the global GGR in 2016 (€10 billion and €3,4 billion, respectively). Despite their low market share in the global GGR compared to the most mature markets, both of them exhibit above average forecasted CAGR'16e-'20e, specifically 4,1% for Africa and 3,4% for Latin America. Primary contributors to this expansion are the increased interest in retail, casino, gaming machines, which verifies the fact that land-based gaming and gambling activities have traditionally been closely linked to the tourism industry in the region. Also, a significant reason for this growth is the year-on-year increase of the internet, and therefore the smartphones, penetration. In 2017, it is predicted that 55% of the population will have access to the internet; this figure is rising to 70% for Argentina, which gives large opportunities to the online operators. From a legislative perspective Chile, Peru and Colombia have embarked on a plan to create an online gaming law.

Gaming market trends by product

Lotteries represent the most traditional segment and have historically attracted the largest number of players. For the FY'16, the segment accounted for the 30% of the total Global GGR (€104,2 billions) supported by the strong growth in the North America. Latin American lotteries reported the best performance in sales over 2014. Overall, growth in the segment has been supported by a shift towards operations outsourcing and privatization.

Total Global GGR (€bn)	2011	2012	2013	2014	2015	2016e	2017e	2018e	2019e	2020e	CAGR '16e-'20e
Betting	39,8	41,2	43,2	47,2	48,7	50,9	52,8	55,4	57,2	60,2	4,3%
Casino	119,5	126,2	131,7	133,6	122,2	122,0	127,7	132,3	136,4	140,6	3,6%
Gaming Machines	59,2	61,2	61,0	62,1	63,1	64,4	66,1	67,7	69,5	71,4	2,6%
Bingo/Other	11,9	12,2	12,5	12,5	12,7	13,1	13,4	13,7	13,8	14,1	1,9%
Lotteries	93,4	95,7	98,2	101,9	102,0	104,3	107,1	109,7	112,7	116,1	2,7%
Global Total	**323,8**	**336,5**	**346,6**	**357,3**	**349,0**	**354,7**	**367,1**	**378,8**	**389,6**	**402,5**	**3,2%**

Source: H2 Global Summary May'16. Data for the Fiscal Years 2016-2020 are estimated by H2GC.

The gaming machines market is estimated to have accounted for 18,1% of the global gaming market in 2015 (€64,4 billions) and is forecasted to grow at historical levels. Much of this growth is expected to originate from content optimization (e.g. gaming, graphics), the roll-out of more sophisticated machines and yield management tools, particularly adopted within North America.

The betting market has a significant market share in the overall gambling market accounting for around 14% of the GGR across the globe (€51 billion), including both sports betting and horse racing. The shift in gambling regulations across the world has opened up opportunities for the product. Governments around the world are easing the regulations in some of the countries that have huge potential to grow, which will positively aid in the growth of the market during the forecasted period. Also, the increase in the popularity of gambling apps and social gambling are likely to propel the growth of the market during the forecast period.

Interactive gambling, via desktop, mobile and iTV, has reached a penetration of 10,6% approximately of the total Global GGR (€37,7 billion) and is forecasted to reach 13,2% in 2020e (€53,2 billion). Betting is the first product in GGR and accounts for 48,2% of it (€18,1 billion); followed by casinos (22,2%), poker (8,2%), lotteries (10,3%), bingo (5,7%) and skill/other gaming (5,4%). Lottery is the product with the highest potential for growth with 15,3% CAGR'16e-20e.

Europe holds the leading position of the global interactive gaming with 48,5% of it, North America shows the highest projected CAGR'16e-'20e at 19,2% due to expectations that various changes will take place in the current legal framework.

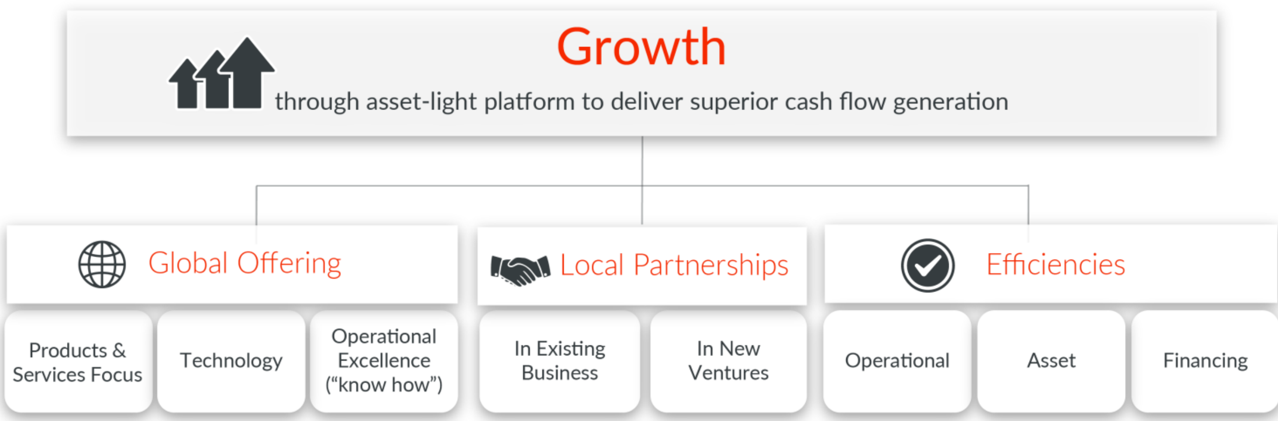
Undoubtedly, the global interactive gaming GGR has been boosted by the high penetration of smartphones, whereas it is estimated that the 32,6% of it will be generated by mobile gambling with a 15,5% CAGR'16e-'20e. Betting is the most popular vertical among others for the mobile gambling and generates the 70% of the global mobile gambling GGR (€8,6 billion).

Interactive Global GGR Projection (€bn)	2011	2012	2013	2014	2015	2016e	2017e	2018e	2019e	2020e	CAGR '16e-'20e
Africa	0,1	0,1	0,1	0,2	0,2	0,2	0,2	0,2	0,2	0,2	6,2%
Asia / ME	7,4	8,3	9,0	9,8	10,5	11,3	12,0	12,7	13,4	14,2	5,9%
Europe	10,9	12,1	13,3	15,1	16,5	18,3	19,8	21,7	23,0	24,9	8,0%
LatAm	0,3	0,3	0,4	0,5	0,6	0,6	0,7	0,8	0,8	0,9	8,4%
N. America	3,9	3,8	3,9	4,3	4,6	4,8	7,0	8,1	8,8	9,7	19,2%
Oceania	1,4	1,6	1,6	2,1	2,3	2,5	2,6	2,8	3,0	3,2	6,4%
Global Total	**24**	**26,2**	**28,3**	**31,5**	**34,7**	**37,7**	**42,3**	**46,3**	**49,2**	**53,1**	**9%**

Source: H2 Global Summary May'16. Data for the Fiscal Years 2016-2020 are estimated by H2GC.

Our Strategy & Strengths

Our Strategy



Maintain leadership in technology innovation and streamline technology development

We seek to develop leading technology in lottery gaming, sports betting, VLTs/AWPs, racing and IT products and services through continuously investing in innovative solutions and adopting proven methodologies and best practices in all of our designs and implementations. Our R&D efforts include partnerships and collaborative initiatives both in Greece and abroad. In January 2016, we began establishing competence centers which serve as innovation hubs in Malta, the Philippines and Greece. As of December 31, 2016, we held approximately 130 patents in gaming technology. Our R&D efforts have led to the development of our modular Lotos platform, which we expect to become our universal platform to help us better tailor and continuously improve our product solutions. We are streamlining our technology development model as part of our "asset-light" strategy which is intended to produce higher margins and facilitate lower capital expenditure resulting in enhanced cash flow resilience by combining global product and services offerings with the establishment of local partnerships. As the first pillar of our "asset-light" strategy and as part of our global product and services offerings, we intend to use our global technological and operational capabilities to minimize customization requirements allowing us to micro tailor products following local distribution. In order to expand access to our global product offerings, we are using new distribution channels including self-service terminals as well as mobile capabilities. We are also offering new sports betting services, expected to be significantly strengthened through the strategic partnership with AMELCO, as well as VLT monitoring services.

Focus on establishing strong partnerships

The second pillar of our "asset-light" strategy is focused on establishing strong local partnerships in certain markets. Historically, when we entered new markets (such as Italy and Peru), we funded our expansion, distributed our products and provided services on our own. Recently, we have shifted our growth focus to new partnerships. We believe partnerships may provide the best means to grow and operate efficiently in certain local markets as we benefit from our local partners' relationships, knowledge of regulatory constraints and the local industry. Operating through local partnerships also allows us to share financial and operational risk, reduce capital expenditure and improve access to local funding. We derive further benefits from dividend streams from our local partners as well as cost and operational synergies. In line with our "asset-light" model, we intend to pursue local partnerships with respect to existing businesses as well as new ventures. We are deliberate and strategic in our selection of local partners only choosing partners who are well capitalized, have an established presence in their respective markets, substantial experience in the local industry, and the ability to offer an extensive distribution chain. Often these partners are experienced retail operators, financial sponsors, or large utilities. Examples of ventures operated with local partners include Inteltek in Turkey, our new partnership Eurobet, a numerical and instant tickets operator in Bulgaria, and Gamenet in Italy.

Focus on increasing cash flow generation and revenue visibility

It is our strategy to improve our cash flow through synergies and efficiencies realized through strategic partnerships and the management of our long term contracts. We expect that operating through local partnerships with well-established and experienced partners will help us realize operational and financial synergies at the local and headquarters levels. We also expect to improve our cash flow generation through the strategic and proactive management of our long term contracts. We selectively seek to maintain and enter into contracts that match our stringent profitability and cash generation targets. These contracts are often for higher margin business activities such as providing technology or managed services. We continuously evaluate the profitability of our existing contracts and have selectively disengaged less profitable contracts such as our contract in the Czech Republic, Australia and Suriname. We also aim to enhance revenue visibility and expected cash flow by entering into long term contracts or renewable licenses to provide revenue stream stability. For 2016, we estimate that approximately 85% of the revenues for the period were generated through multi-year contracts or renewable licenses that are available to us until 2021 (although actual revenues that may be generated in the future from those contracts may increase or decrease).

De lever and optimize our capital structure

Our strategy is to delever our business through additional cash flow generated by expected operational and financial synergies and efficiencies as well as the expected positive cash flow impact from our shift to an "asset-light" model. By entering new markets through partnerships with local partners, we expect to reduce our capital expenditures and to obtain assistance accessing local financing on more favorable terms. We also expect to receive dividends from the joint venture entities which, along with the cash proceeds from recent divestments, can be used to further reduce our debt. The recent refinancing of our €325m Senior Bond Note due in 2018, with a €250m bond at significantly improved pricing, highlights our commitment towards delivering our business. In addition, we seek to maintain a conservative financial policy focused on strong liquidity and we do not intend to undertake any material acquisitions in the medium term or to pay dividends to our shareholders until our target leverage is achieved.

Strategy Success Factors

Our global presence, proprietary technology and track record of innovation position us as one of the leaders in the gaming sector and create significant barriers for new entrants.

We believe that our significant, innovative technological and operating expertise has positioned us as a global leader in the supply of integrated gaming systems and services, with a balanced presence in both developed and developing markets. We hold a leading market position in licensed gaming in the majority of the highly regulated markets in which we operate. As of December 31, 2016, we enjoyed a leading market position in the technology and support services market for lotteries in the United States, with contracts in 11 states and the District of Columbia, and a leading market share of the Argentinean market, with contracts in 11 provinces. For new entrants to the markets in which we operate, our significant market share and established presence, along with our position as the single licensed operator in many markets, pose substantial barriers to entry.

We also believe that our leading technology and research and development (R&D) capabilities enable us to effectively compete with other technology providers and developers, decrease capital expenditures and upfront costs as well as reduce ongoing maintenance costs. In each of the last 3 years, we were included in the EU Industrial Research and Development Investment Scoreboard prepared and published by the European Commission for our significant investments in R&D, which we believe demonstrates our leadership and commitment as a technological provider. We hold approximately 130 patents in gaming technology and we test an average of numerous gaming concepts across our business activities per year to remain competitive in our offering of the latest games and variations for the players. Our leading development capabilities also allow us to provide innovative and technologically advanced services across our three core business activities of technology and support services, management and licensed operations. In our technology and management services, we benefit from long term recurring contracts. For new entrants to the markets in which we operate, the development of technological and operational expertise and the high capital expenditure required to invest in R&D present high barriers to entry. Unlike new entrants, our proprietary technology and expertise, along with our flexible operational model, allow us to use our technological and operational capability to take advantage of economies of scale by creating standardized products which can later be individually adapted for distribution, thereby reducing our costs.

Broad based Diversification across Contracts, Geographies and Business Activities

Our business is well diversified geographically as our three core business activities of technology, and support services, management contracts and licensed operations, are spread across various countries. We have operations in 55 jurisdictions on five continents and in 2016, no single country represented more than 23,6% of our EBITDA. Additionally, substantially all of our revenues and cash resources are located outside of Greece, which mitigates sovereign risk associated with economic and political developments in the country. In 2016, Greece, represented less than 3,0% of our revenue, primarily derived from our contracts with the Greek Organization of Football Prognostics S.A. ("OPAP"). We also benefit from a balanced presence in both developed and developing markets. In developed markets, we benefit from stable recurring revenues through long term contracts, while in developing countries (particularly countries that typically achieve higher GDP growth) we have the opportunity to achieve high growth. We believe our global footprint allows us to diversify market risks that are specific to certain regions and to mitigate the cyclical nature of the sports gaming industry. Moreover, we benefit from strong contract diversity with a diversified portfolio of 87 contracts and licenses, including: 55 technology and support services contracts, which comprised 31,3% of our revenue net of payout during 2016; four management contracts, which comprised 17,0% of our revenue net of payout during the same period; and 28 licenses, which comprised 51,7% of our revenue net of payout during the same period.

Highly Visible Recurring Revenues

We believe that the long term nature of our contracts and our strong track record of contract renewals provide us with significant revenue visibility. We estimate that approximately 85% of the revenues for the year ended December 31, 2016, were generated through multi-year contracts or renewable licenses that are available to us until 2021 (although the actual revenues that may be generated in the future from these contracts may increase or decrease). Our multi-year contracts have an average contract term of 8 years. During the period from 2006 to 2015, we grew our licensed operations significantly. Many of our licensed operations contracts are open ended, which means that they do not have a fixed term or are automatically renewable on a periodic basis, subject to our compliance with the license terms. We believe the automatically renewable nature of these contracts adds to the stability of our revenue streams.

We also have a strong track record of renewing or extending our contracts as they come up for renewal. Since January 2013, we have successfully renewed or extended more than 94% of our contracts. Based on this experience, we expect to renew the substantial majority of our contracts upon their respective expirations, which we believe reflects the strength of our market position. In 2016, we signed renewal contracts in connection with the operation of lottery games in the State of Minas Gerais in Brazil for a six year term, as well as three year term renewal contracts with the Nederlandse Staatsloterij/De Lotto in connection with the lotteries in the Netherlands, with the Pacific Online Systems Corporation in connection with the operation of the games of the Philippines Charity Sweepstakes Office and renewed following a competitive selection process, our Idaho contract for another 10 years on better terms.

Highly Scalable "Asset-light" Operating Model

Our highly scalable operating model allows us to benefit from global growth opportunities while adhering to strict investment criteria, with the aim of achieving target threshold returns. Our scalable business model is supported by our advanced IT platform which allows us to optimize product development by minimizing customization requirements during development while providing for further product adaptation ("micro tailoring") upon distribution, making our product offering more adaptable. Our adaptable product offering enables us to provide technology to third party operators, manage operations on behalf of licensees and hold and manage licenses directly as the IT platforms in various jurisdictions permit. It also enables us to address broader gaming sector trends such as increased demand for a personalized player experience, the development of a robust "all-in-one" gaming platform to ensure a unified customer experience converging land base and interactive channels, as well as offering personalized game offerings and content and the shift towards mobile as the primary access point to online retail in the gaming sector.

Our "asset-light" operating model is also supported by our partnerships with local operators which allow us to share financial and operational risk, reduce capital investments and acquire new contracts and customers. Due to the recent global trend towards liberalization of gaming regulations driven by country and state budget deficits and increased demand for social welfare spending, we are able to expand the jurisdictions in which we offer our products and services by leveraging our expertise and capabilities. Historically, we sought to enter new markets on our own. Recently, however, we have established a rigorous evaluation process for identifying potential partners present in markets where we already operate as well as in new promising markets. We believe these partnerships provide the best means to grow and operate efficiently in certain local markets, as we are able to benefit from our partners' local relationships, extensive know how and access to capital. Examples of partnerships established in 2016 are Eurobet in Bulgaria, Gamenet in Italy and Intralot de Peru in Peru.

Strong and Experienced Management Team

We have a seasoned and experienced management team, many of whom have been with the Company since its establishment. Our management team has extensive experience in the industry and, under the leadership of our new CEO, Antonios Kerastaris, has demonstrated a strong entrepreneurial and strategic perspective with respect to the international gaming industry. This approach enables us to identify and pursue strategic industry opportunities with significant revenue generation potential before our competitors. In recent years, our management team has refocused the operating model of the company on establishing strong partnerships with local partners who can facilitate our growth in certain local markets while also helping us to operate more efficiently. Management has also refocused the operating model of the Company on maintaining our leadership position in technology innovation and development, establishing strong local partnerships and enhancing cash flow generation through our local partnership model which also facilitates efficient operations, provides for low capital expenditures and dividend streams, our contract management policy promotes the strategic consideration of potential as well as existing contracts to optimize cash generation. We seek new, and seek to renew long term contracts in high margin business lines such as providing technology and managed services.

Best in Class Risk Management and Corporate Controls

Our primary payout risk comes from our sports betting book. We manage this risk through best in class local odds setting as well as a betting center in Greece that controls our global fixed odds betting activity and payout policy on a real time basis. Our sports betting portfolio represented approximately 41,6% of our total revenue for 2016, and we have a long track record of successfully managing payout risk. We also enter into risk exchange agreements with major international betting operators when possible to further reduce our exposure to any potential outcome.

Furthermore, we have rigorous internal controls and compliance procedures that are in line with listing standards and international best practices for cash management and legal and regulatory compliance. These include procedures to monitor transactions, maintain key back up procedures and regular contingency planning as well as internal audits and procedures to detect money laundering. All of these procedures are facilitated in part by our central monitoring and control system that tracks all of our operations through our Lotos Open System ("Lotos"). In September 2011, we became the first international lottery vendor to be certified according to the World Lottery Association Security Control Standard.

Strong Values and Commitment to Responsible Gaming Operations

We seek to promote responsible gaming operations, which we believe are essential to renewing our existing contracts and winning new ones with lottery and gaming organizations. We strive to adhere to the following objectives across the INTRALOT Group network:

- comply with the applicable laws and regulations as set out by regulators in host countries;
- ensure that the interests of players and vulnerable groups are protected;
- continually develop appropriate practices and technologies on the basis of market research and information gathered from our global operations;
- promote the implementation of responsible gaming practices in our corporate activities and externally with our customers' activities; and
- educate and provide the public with accurate and balanced information so as to enable players to make informed gaming choices.

In general, regulators require us to provide well designed games in a secure environment while preventing, to the maximum extent possible, underage, illegal and problem gambling and minimizing any potential harm to society.

Meeting Shareholder Expectations

Financial Highlights

The Group retained its operating profitability despite increasing payout in key markets, with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) reaching €175,8m from €164,9m in 2015, while EBITDA margin remained unchanged in 2016 vs 2015.

Financial Data[1] *(in € million)*	**2016**	**2015**	**% change**
Revenue (Sale Proceeds)	1.323,6	1.235,5	7,1%
Gross Profit	233,1	233,7	-0,3%
Gross Profit Margin (%)	17,6%	18,9%	-1,3pps
EBITDA	175,8	164,9	6,6%
EBITDA Margin (%)	13,3%	13,3%	0,0pps
EBT (Profit/(loss) before tax from continuing operations)	4,8	47,9	-90,1%
EBT Margin (%)	0,4%	3,9%	-3,5pps
NIATMI (Profit/(loss) after tax and non-controlling interests from total operations)	0,9	-65,1	-

[1]The Group's activities in Italy as well as those of Intralot de Peru SAC and Favorit Bookmakers Office OOO (Russia) are considered as discontinued operations pursuant to IFRS standards following the recent M&A activity.

Reported consolidated revenue increased by 7,1% compared to the prior year, this led to total revenue for the twelve-month period ending 31 December 2016 to €1.323,6m. The increase in Fiscal Year 2016 derives from: €+155,4m in East Europe due to increased sales in Bulgaria and Turkey, €+21,6m in North America driven by the sale of multi-play self-service lottery terminals and the largest Powerball Jackpot in history. Revenue increases were partially counterbalanced by decreased sales of €-57,8m in Asia due to lower sales in Azerbaijan where the local currency suffered severe devaluation, and €-36,9m in South America due to the considerable devaluation of the local Argentinian currency and softer sales in Jamaica (FX driven) and Brazil.

The Payout ratio in FY16 increased by 3,5pps vs. FY15 (70,2% vs. 66,7%) primarily due to Bulgaria, Jamaica & Malta. At the same time, GGR increased by 3,5% as the sales increase in our "B2B/B2G" contracts fully balanced the augmented payout effect.

The Gross profit margin was shaped at 17,6% in FY16 compared to 18,9% in FY15, negatively affected primarily by the increased payout with margin expansions in the US, and the Netherlands partially mitigating the Gross profit margin shortfall. Overall, Gross Profit decreased slightly from 2015 levels (-0,3%).

The Gross profit margin decline, was fully reversed though at EBITDA level, were EBITDA, from continuing operations, developed to €175,8m in FY16, posting an increase of 6,6% compared to FY15, in part due to cost containment and in part due to the non-recurring income in Australia (Victoria State Lawsuit successful settlement, 4Q16). On a yearly basis, EBITDA margin, from continuing operations, remained steady at 13,3%, showcasing operating profitability resilience as the Group fully absorbed a payout ratio increase of 3,5pps.

Earnings before Tax from continuing operations in FY16 were shaped at €4,8m compared to €47,9m in FY15, negatively affected by higher net financial costs mainly due to the refinancing and increased impairment/write-offs compared to 2015.

Statement of Financial Position/Cash Flows *(in € million)*	**2016**	**2015**
Total Assets	1.061,1	1.169,3
Total Equity	196,5	207,4
Net Debt	494,9	477,6
Operating Cash Flows	168,1	113,8
Net Capital Expenditure	-62,9	-68,7

Operating Cash-flow increased significantly in FY16, at €168,1m vs. €113,8m in FY15. The growth is mainly attributed to WC improvement (€+46,8m vs. FY2015) both due to efficient management and WC normalization.

Net debt, as of 31 December 2016, developed to €494,9m increasing by €17,3m compared to the same period last year. In the 4th quarter Net Debt decreased by €38,9m driven by the Peru transaction proceeds. The Group's financial covenants with respect to Net Debt to EBITDA (Leverage ratio), and financial expenses coverage ratio (Interest Cover ratio) are:

Financial Covenants	**2016**
Leverage ratio	2,88
Interest Cover ratio	3,95

Wagers & Segment Performance

During 2016, INTRALOT systems handled €23,4bn of wagers worldwide (from continuing operations), increased by 1,0% y-o-y. Africa increased by 23,6%, North America increased by 8,4%, East Europe increased by 1,7%, West Europe increased by 0,4%, South America decreased by 7,2% and Asia decreased by 4,1%.

Numerical Games are the largest contributors to our top line, comprising 41,9% of our revenues, followed by Sports Betting contributing 41,6% to Group turnover. Technology contracts accounted for 10,9% and VLTs/AWPs represented 3,0% of Group turnover while Racing constituted the 2,6% of total revenues for the Fiscal Year 2016. Revenue growth is primarily driven by Sports Betting, which showcased a +19,3% increase y-o-y.

Revenue by Business Activity *(in € million)*	**2016**	**2015**	**% change**
Licensed operations	994,6	940,3	5,8%
Management contracts	115,7	98,9	17,1%
Technology and support services	213,3	196,3	8,7%
Total	**1.323,6**	**1.235,5**	**7,1%**

Revenues from Operation contracts (licenses) increased by 5,8% mainly due to higher revenues in Bulgaria, Malta and Poland, partially counterbalanced by the performance of Azerbaijan, Jamaica, Argentina and Brazil. Sales from Management contracts posted an increase of 17,1% mainly driven by the performance of Turkey and Morocco. Revenues from HW sales and facilities management increased by 8,7% mainly due to increased revenues in the US and Australia, the effect was partially counterbalanced by the revenues in Argentina, an IT contract in Malaysia, and the revenues from the Hellenic Lotteries.

Key Gaming Markets performance

United States

In the U.S. the company has projects in twelve states. The revenues from the facilities management of lotteries substantially increased in 2016 due to the sale of terminals in Ohio, the largest Powerball jackpot in history and the successful launch of the renewed contract in the State of Montana. Moreover, at the beginning of 2017 the company successfully renewed the contract in the State of Idaho on better terms.

Turkey

In Turkey, Inteltek succeeded in increasing its revenue stream, despite the unstable political environment and the depreciation of the Turkish Lira. Inteltek capitalized on the Euro 2016 effect, as well as benefited by the constant effort of the electronic agents to support their further expansion by means of significant investments in technology and substantial marketing expenditure. The growth in the online market has been further capitalized from INTRALOT's other participation in Turkey, Bilyoner, one of the 6 electronic agents of the country and market leader. Bilyoner showcased a considerable y-o-y increase despite the political turmoil and currency depreciation as it capitalized on the hefty online market segment growth.

Azerbaijan

In Azerbaijan, where INTRALOT owns a strategic stake in Azerinteltek, sales in 2016 have proved significantly lower than those of 2015, due to the continuously worsening macroeconomic environment that negatively affected the gaming market in the country and the depreciation rate of the local currency. However, the upgrade of the sports betting product and the stricter control of the illegal market are expected to support Azerinteltek's growth in the forthcoming year.

Malta

In Malta, our subsidiary MALTCO Lotteries holds the license to manage all National Lottery games. During 2016, it registered an increase in revenue, due to the positive effect of Sports Betting (Euro 2016 effect), Keno and Numerical sales. However, the higher payout, especially in numerical games, led almost to the same level of profitability compared to 2015.

Bulgaria

In Bulgaria, the revenues of the subsidiary Eurofootball in 2016 have been significantly augmented. The Bulgarians continued to welcome with excitement the successfully launched (August 2015) Virtual Football game that increased the subsidiary's footprint in the market. Sports Betting BU also grew substantially, driven by the Euro 2016 and increased payout, and, along with the uplift in Racing BU resulted in a really strong sales performance (the highest since the founding of the company).

In 2016, our Bulgarian footprint was further strengthened by the acquisition of a strategic stake in Eurobet, a leading gaming company in Bulgaria, which offers to the Bulgarian market numerical games and scratch tickets through a network of 1.100 Points of sales countrywide.

Looking Ahead

The lottery industry experiences significant changes and is facing both increased challenges and a wealth of opportunities. Regulatory initiatives, market liberalization, technological convergence and omni-channel approach, new business models and the need to attract new customer demographics all set the pace of change and the basis of very interesting developments. In this environment, INTRALOT is well positioned to succeed, targeting to reap the fruits of its clear strategy and transformation initiatives in the imminent future. Targeted synergies and efficiencies, strong partnerships and our unique product portfolio are the drivers for growth. We anticipate all our efforts and activities to be translated into profit delivery to the shareholders of the parent and positive cash flows for the Company within the next years.

CORPORATE RESPONSIBILITY

Scope

The information indicated below regarding the Corporate Responsibility program refers to:

- the period 01/01/2015-31/12/2015 (unless indicated otherwise in certain points). Due to procedural reasons the release of the 2016 Corporate Responsibility Report will be made available by the end of H1 2017.
- all activities of INTRALOT S.A. (referred as 'INTRALOT' or 'Company'), while further references to selected activities of other companies within the INTRALOT Group (referred as 'INTRALOT Group'

or 'Group') are presented (without being included in this scope), with the exception of Responsible Gaming, which refer to the entire INTRALOT Group.

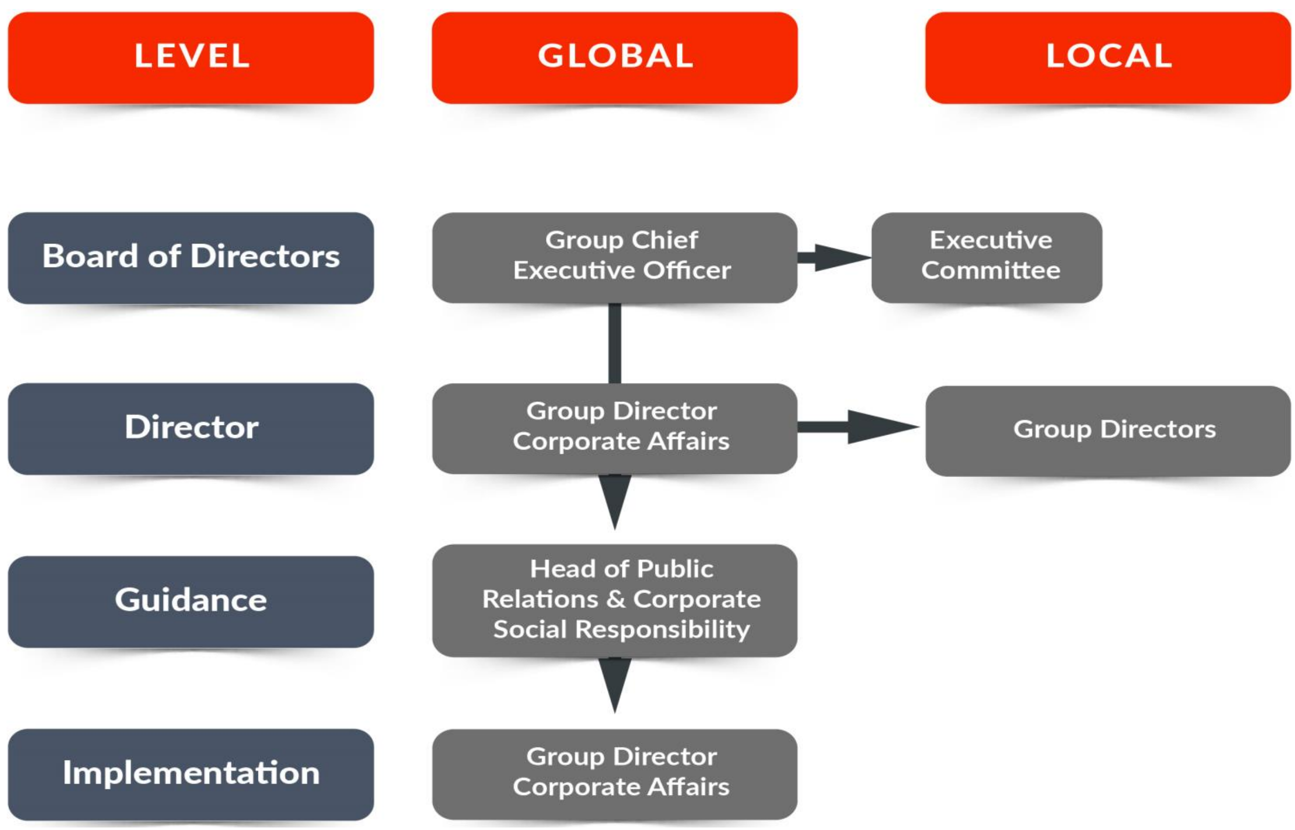
Drawing from its corporate strategy of sustainable leadership in the gaming sector, INTRALOT's sustainability strategy is to create shared value for all its stakeholders through the generation of economic resources for good causes, responsible gaming operations, technology and product innovation that fosters transparency, the development of education and human capital in the communities where the company operates, and a deep sense of environmental responsibility.

Managing Corporate Responsibility

Integrating Corporate Responsibility within the organizational structure

From an organizational perspective, the Group Corporate Affairs Division is assigned to manage the issue of Corporate Responsibility, in order to streamline activities and facilitate the Company's responsible operation, at a strategic, organizational and operational level. INTRALOT's management structure related to Corporate Responsibility (which includes responsibility for economic, societal and environmental issues), is depicted
below:

Managing Corporate Responsibility



- At Board level, the overall responsible is the Group Chief Executive Officer, who is the Chairman of the Executive Committee, with the leadership on Corporate Responsibility plan.
- At director level the Group Director Corporate Affairs is responsible to organize the relevant activities, as well as to review the Group's Responsible Gaming program.
- At operational level, the Head of Public Relations & Corporate Social Responsibility is responsible to guide, plan, implement and evaluate the Corporate Responsibility program, as well as cooperate with other departments.
- The Corporate Affairs Division interacts with General Directors of Operations and other Divisions within the Company, at a local and global level, to facilitate respective practices implemented.

Material Issues

Recognizing Material Issues

In order to holistically examine issues that can or could affect its responsible operation and ensure that our social strategy focuses on the Material Issues, INTRALOT conducted a Materiality Analysis, structured around four stages:

1. Identification of potential aspects, through which over 90 issues were considered by reviewing:
    a) Current industry practices.
    b) Future trends.
    c) Relevant industry related analyses by international organizations, such as the RobecoSAM's Sustainability Yearbook for the 'Casinos & Gaming' sector.
    d) Regulatory environment.
2. Analysis of these issues in terms of associated Risk, according to the significance of the economic, social and environmental impacts that the Company's activities, products and operations either have or could have.
3. Identification of Stakeholders' expectations, through the analysis of their views as a result of relevant surveys that have been conducted (e.g. Customer Survey) and the indirect input from the departments which interact with each Stakeholder group.
4. Combination of the Risk analysis and Stakeholders' expectations, which resulted in defining the Material Issues that INTRALOT should focus on.

The Materiality Analysis, which were approved by the Group Corporate Affairs Director, depicts the Material Issues for 2015 in the grey shaded area of the below diagram:

MATERIALITY ANALYSIS

Stakeholder Engagement

Interacting with Stakeholders

INTRALOT has a large number of internal and external Stakeholders, who can be defined as all those who are either affected by the Company's operations or are affecting its operations. Stakeholders increasingly require transparency and active involvement in issues, such as societal support and environmental protection. The Company intends to enhance its Stakeholder engagement program by expanding its participation in various business fora, such as the European Business Ethics Network and the Hellenic Business and Industry Federation's Sustainable Development Committee. In addition, INTRALOT is actively engaged with business initiatives of industry associations, such as the World Lottery Association's Responsible Gaming Programs and the European Lotteries initiatives.

Contribution to Local Communities

Supporting local communities we operate in and protecting the Environment we influence

A key element of INTRALOT's approach to society is to understand the expectations of people in local communities of operations and effectively contribute to their needs. The Company seeks to align its economic growth with support to society and strives to:

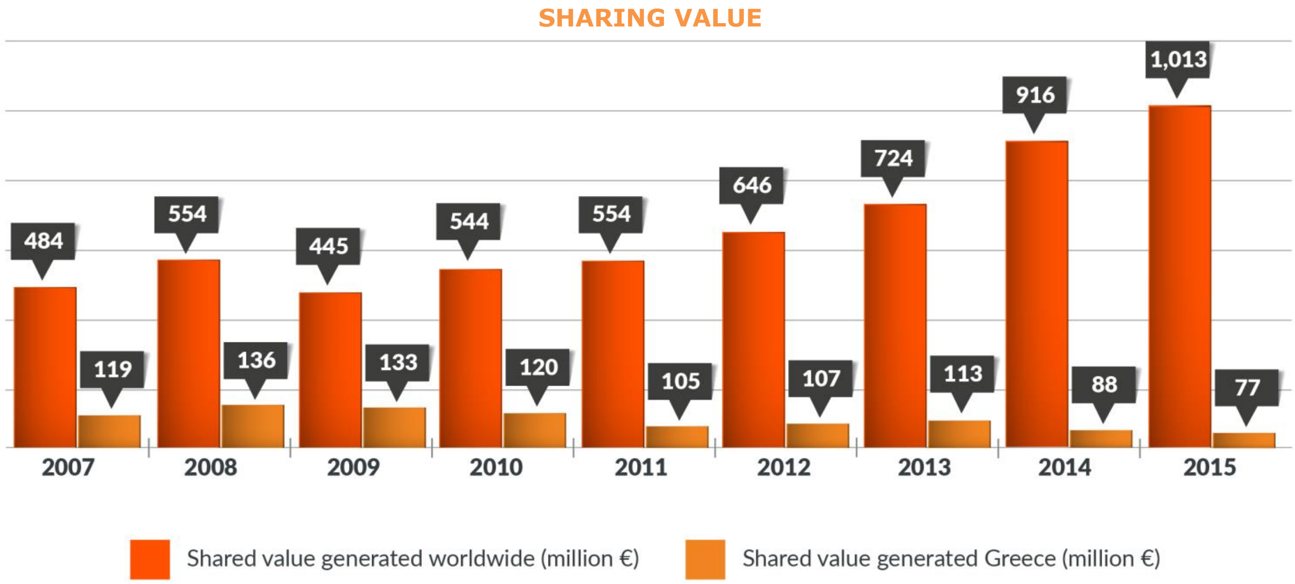
- Support knowledge and technological know-how sharing to local communities.
- Contribute to enhance the quality of life.
- Implement programs to create value to different groups and accelerate social growth and prosperity.

Sharing Value

INTRALOT Group generated over €1 billion of shared value for its Stakeholders in 2015, increased by 10,6% compared to €916 million in 2014. At INTRALOT level, the Company generated €77 million of shared value in 2015 in Greece.

The Group generated approximately **€5,9 billion** shared value in the last 9 years, with **€1 billion** being in Greece.

ANALYSIS OF THE SHARING VALUE OF THE GROUP



Contributing to Society

INTRALOT is committed to contributing to the communities where it operates, as they provide the resources, infrastructure and markets that support its businesses operations. Therefore, the Company has launched the targeted social support program **'INTRALOT – We Care a Lot'**, in order to contribute to local communities, which included 13 activities in 2015, with a total investment of €43.300 in two main areas:

- Advance education and human capital.
- Support social welfare and human development.

Caring for the impact of operations

Local communities constitute an important Stakeholder of INTRALOT, as they are directly related with the Company and its activities. Therefore, the Company aims to identify its impacts on local communities and remain aware of its operations' effects related to the respect and protection of human rights. To this day, the Company has not identified any operations with significant actual or potential negative impacts on local communities.

It must be noted that within 2015:

- INTRALOT's premises are accessible by people with disabilities.
- There were no significant investment agreements and contracts with clauses on human rights.
- There were no significant investments on infrastructure to provide a public service or good rather than for commercial purpose (e.g. road, school, water supply and power lines/facilities).
- There were no accidents with significant impact on the local communities.
- There were no complaints about impacts on society filed through formal grievance mechanisms and no fines or non-monetary sanctions for non-compliance with relevant laws and regulations were imposed by the respective authorities.

Environmental Sustainability

While environmental protection is a particularly important aspect for most industries, the gaming industry can be considered as of relatively low impact to the environment. Most of the industry's impact can be attributed to the use of various energy sources and natural resources for business operations, as well as the consumption of materials for hardware production and product packaging. However, improving its environmental performance is a challenge that the Company takes very seriously. Therefore, INTRALOT:

- Complies with national and international environmental regulations and standards.
- Has applied several standards and requirements of ISO 14001 to its environmental management system.
- Has assigned TUV NORD Group to handle all certifications for all certified organizational units, which are audited annually for each standard and re-certified usually every three years from initial certification to manufacture products according to international safety rules and practices.
- Has adopted eco-friendly processes, in order to address environmental issues throughout its products and services' life cycle, such as:
    - Produce energy efficient and durable products.
    - Design products without any hazardous and restricted materials.
    - Increase the use of recyclable materials.
- Takes into consideration relevant environmental impact assessments.

Reducing materials

Materials consumption at INTRALOT is a direct result of its operational needs (i.e. paper), according to the following classification. It must be noted that the Company has reduced its paper and toner consumption to produce bid documents and distribute press monitoring hard copies compared to previous years, as it only uses central printers with scanning and electronic dissemination of copies.

It must be noted that manufacturing of gaming terminals complies with the Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which limits or bans specific substances in new electronic and electric equipment (e.g. lead, cadmium, PBB, mercury, hexavalent chromium, PBDE flame retardants). At the same time, INTRALOT requires that its suppliers located in Europe comply with the RoHS Directive, as well as the Waste Electrical and Electronic Equipment (WEEE) Directive 2002/96/EC.

Recycling materials

In order to further reduce its environmental footprint, INTRALOT follows the relevant legislative framework concerning waste disposal and does not directly send any waste to landfills. Instead, all waste is systematically collected and sent to a licensed recycling partner, who handles waste disposal in an appropriate and environmentally friendlier manner.

At the moment, INTRALOT does not use recycled or FSC certified paper or any other recycled materials. It must be noted that the Company is responsible to remove hazardous waste included in hardware produced or traded by INTRALOT according to environmental procedures in cases of leased equipment that is removed after the expiration of the agreement.

Recycling bins: In order to collect and convert waste materials into reusable objects (a practice that only prevents waste of potentially useful materials, but also reduces the consumption of raw materials and energy), INTRALOT has placed recycling bins, which include:

- Green recycling bins for paper
- Blue recycling bins for aluminum cans
- Clear recycling bin for batteries

Paper recycled increased by 10%

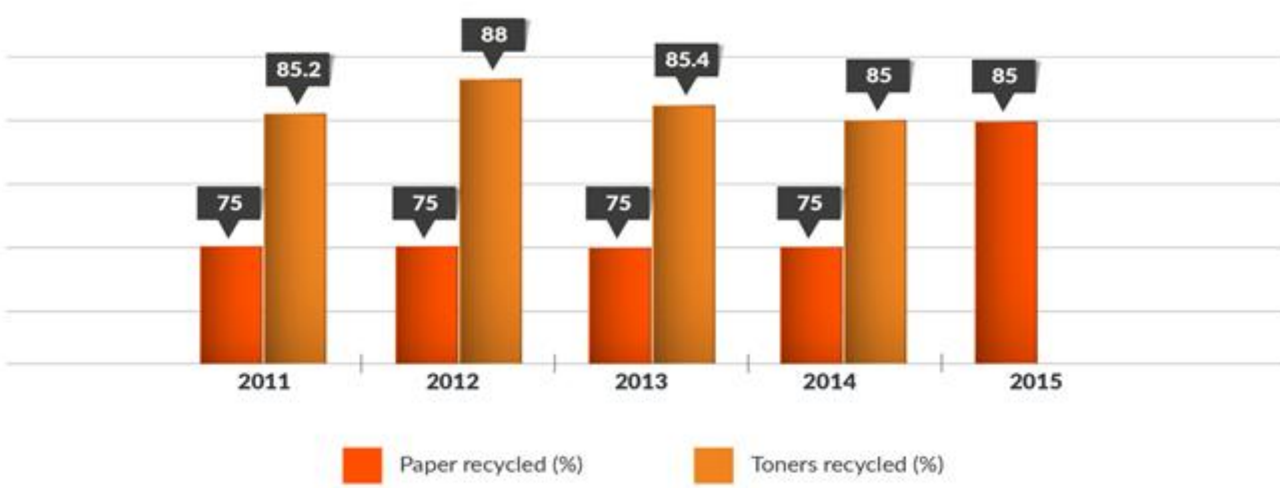
Electronic equipment: The Company ensures that telecommunication devices and IT equipment (such as personal computers and mobile phones) are re-used if they are in working condition, which are re-assigned to another user. In case they are not in a condition to be re-used, certain parts and components are stored, in order to be retained as spares, such as memory discs, batteries and hard discs.

Materials recycling

	2011	2012	2013	2014	2015
Operational needs					
Paper (kg)	7.200	7.350	7.125	10.162	2.500
Toners (units)	716	818	820	740	21*
Batteries (kg)	498**	93	33	40	63
Packaging materials					
Cardboard / paper (kg)	2.500	2.500	NR	3.000	2.750
Cardboard packaging for liquids (kg)	0	0	NR	0	1
Plastic (kg)	10	0	NR	1	0
Wood (kg)	3.000	3.000	NR	3,500	3.200
Packaging pieces (units)	18.000	18.000	NR	20.000	19.000

**Toners from central printers (MPS) for June-December 2015.*
***450kg were car batteries.*
NR = Not reported

RECYCLING MATERIALS



Monitoring water consumption

Water scarcity is highlighted as an extremely important environmental aspect which requires urgent action, as the needs and demand for this precious resource have been intensified during the last years. INTRALOT is aware of its relative scarcity and therefore strives to reduce water consumption, where feasible.

Analyzing energy impact

Although INTRALOT's operations are not energy intensive, the Company consciously seeks to reduce energy consumption, which is linked to global climate change. The main sources of its energy consumption are electricity (entirely purchased from the Public Power Corporation – Hellas) and heating petrol.

Monitoring greenhouse gas emissions

Direct and indirect energy consumption unavoidably lead to greenhouse gas emissions. Despite the fact that INTRALOT operates in a non-energy intensive industry with limited greenhouse gas emissions compared to other industries, the Company systematically measures and reports its greenhouse gas emissions due to its extensive operations and the issue's importance worldwide.

Air Travel

INTRALOT strives to reduce the impact of its business operations on climate change. Because the climate impact of air transportation is currently not sufficiently regulated by national or international laws, the Company voluntarily commits to limit air travel to the minimum necessary and minimize the number of travelled air miles.

Responsible Gaming

Responsible Gaming is a concept according to which gaming operators, technology and software suppliers and associated service providers need to ensure that their products and services provide a fair and safe gaming experience that enables players to be protected from the adverse consequences of gaming. Whether players buy a lottery or scratch ticket, place their bets, play bingo or on a gaming machine or casino game, players have to view their activity as a form of entertainment in a balanced way. Thus, Responsible Gaming means that operators must aim to keep their games and gaming services profitable and reliable while, at the same time, ensure that all steps are taken to eliminate excessive behavior and protect vulnerable groups.

Besides being an ethical and a regulatory requirement, Responsible Gaming is a business imperative for gaming companies that protects the regulated business reputation and market share and has gained increased importance for society and Stakeholders. Companies are required to comply with applicable legal and regulatory Responsible Gaming frameworks and implement specific protection measures and procedures.

Responsible Gaming approach

In 2015, INTRALOT S.A. was granted the Certificate of alignment with the criteria set in the WLA Responsible Gaming Certification Standards for Associate members, following an external audit performed by TÜV NORD, the WLA approved assessor, which completed an in-depth independent assessment of INTRALOT's products and services and Responsible Gaming practices communicated to lottery customers.

INTRALOT Group recognizes that a Responsible Gaming approach has to incorporate and govern all business activities and operations, in order to safeguard the interests of players and the community in general. Therefore, the Group implements a series of projects and activities to guarantee the development of Responsible Gaming standards, according to the principles and framework of the WLA, both as a licensed gaming operator and a technology provider.

All employees have been informed about Responsible Gaming principles and policies

133 customer employees were trained on Responsible Gaming, for a total duration of 266 training hours

Ethics – Code of Conduct

Integrating responsibility in our everyday operations

The importance of responsible operation has been embedded in the way INTRALOT is managed, as the Company has adopted internal rules and regulations to govern its daily operations, such as the Internal Regulation Charter, the Code of Corporate Governance and the Code of Conduct, while at the same time, INTRALOT is committed to comply with the respective legislation in all countries of operations.

Internal Regulation Charter: The Company's Internal Regulation Charter regulates the structure of INTRALOT's Divisions, their responsibilities and the relationship with each other and with INTRALOT's management. Its primary objective is to ensure compliance with the provisions of the applicable legislation (such as the Law 3016/2002 on corporate governance, the Law 2190/1920 on public limited companies and the Law 3340/2005 on the capital market protection). The Charter defines the responsibilities, duties and obligations of each statutory body, under the provision of the Company's Articles of Association and the applicable legislation, and is binding for anyone who provides services to the Company, regardless of its nature and legal relationship, such as:

- The Board of Directors.
- The Group Chief Executive Officer, the Deputy Group Chief Executive Officer and all Division Directors, Department Managers and Supervisors.
- All employees with any type of employment relationship.
- All partners who provide their services through an independent services contract.

Code of Corporate Governance: INTRALOT has its own Code of Corporate Governance, which documents the practices of corporate governance undertaken by the Company both on its own initiative and according to the relevant legislation (such as Laws 2190/1920, 2778/1999, 3016/2002, 3693/2008 and 3884/2010). The Code is aligned with the Principles of OECD Corporate Governance as published in 2004 and the Code of Corporate Governance for the Listed Companies of the Hellenic Federation of Enterprises (SEV), as well as generally accepted corporate governance principles applied by European Union countries. The Code is posted on the corporate website (www.intralot.com) and its main goals are:

- To define corporate governance practices.
- To assure transparency in its operations and management procedures.
- To improve information sharing with shareholders.
- To comply with the requirements of the relevant legislation and regulatory framework.

The Code of Conduct has been communicated to all the employees

Code of Conduct: The Company's Code of Conduct defines the way its managers and employees behave, maintain respect of laws and regulations and foster relationships of trust with Stakeholders, business partners and other third parties and constitutes a statement of its principles on the following issues:

- Purpose.
- International Business Conduct.
- Information Security Policy Compliance.
- Social Media.
- Confidential Information.
- Protection and Use of Company Assets and Resources.
- Competition and Fair Dealing.
- Conflict of Interest.
- Corporate Opportunities – Inventions.
- Giving or Accepting Business Courtesies.
- Integrity/Probity.
- Corporate Travel Policy.
- Information and Technology Resources.
- Relationships with Suppliers.
- Relationships with Clients.
- Relationships with Competitors.
- Environment.
- Health and Safety.
- Equal Employment Opportunity and Harassment Policies.

- Alcohol and Drugs.
- Violence Prevention.
- Reporting a Breach of the Code of Conduct.

There were no reports or complaints for violations of the Code of Conduct

It must be noted that:

- The Code of Conduct is available on the corporate intranet portal (where all employees have access) and has been communicated to all employees, including all new employees who receive the Code via email.
- The Code of Conduct is incorporated in all employee contracts and their signature is considered as acknowledgement and acceptance of the Code's principles and provisions.
- All managers and employees despite contract type (permanent and temporary) and hierarchical level of INTRALOT Group, its subsidiaries and controlled affiliates are required to comply with the Code of Conduct at all times and everyone is expected to behave and conduct his/her business in line with this Code without any exception.
- In case there are any questions related to the Code of Conduct, employees can direct them to the Human Resources Department.
- In case anyone suspects that they have or may have a conflict of interest or something that others could reasonably perceive as a conflict of interest, they must report it to their Supervisor or their Director, who will discuss with the employee to determine whether he/she actually has a conflict of interest and, if so, how to best address it. No such cases have been reported within 2015.

HUMAN RESOURCES

Our Best Asset

Acknowledging the importance of Human Resources as the most important assets and competitive advantages of any Company, the policies pursued and the initiatives undertaken by INTRALOT and its subsidiaries abroad, aim at effectively attracting, enhancing and retaining talent. The continuous efforts and contribution of all INTRALOT employees as well as their unceasing trust and support of its shareholders remain a key factor in the advancement of the Company's competitiveness and further growth. The Company undertakes to provide its employees with a working environment that will constantly develop their capabilities and enhance their performance through reward and recognition schemes, always in accordance with the principles that govern the Group.

From an HR perspective, 2016 has been the starting year of an effort to restructure, right size and rejuvenate our Human Capital. At HQ and Subsidiaries level, the total turnover rates were at the range of 14%, while the people who joined reached 18,5% of the total personnel base. High standards and recruitment methods were followed in order to enrich our resources. At the same time, the average cost per employee decreased by 3,5%.

Training and Development

In terms of Training and Development, our efforts have been focused on internal promotions and international moves. 3% of our people were internally promoted, while 13 persons have been assigned to new international projects and positions around the globe.

Training has been mainly focused around Leadership, Sales, Project Management and IT related skills. Indicatively, only at HQ level, 17.775 man hours were dedicated to training compared to 11.042 in 2015, an increase of more than 60% y-o-y, 90% of all new hires attended the Corporate Induction Program, 90% of all INTRALOT SA employees attended the annual Information Security awareness program, 75% of INTRALOT's Quality Assurance Department was certified for S/W Testing by ISTQB, 98% of all HQ management completed the INTRALOT Leadership Academy program.

RISKS AND UNCERTAINTIES

Enterprise Risk Management

The Enterprise Risk Management (ERM) Framework documents the good practices adopted by the INTRALOT Group in order to identify, assess and manage risks related to the achievement of its business objectives.

INTRALOT ERM targets at the assurance of stakeholder and shareholder trust through the appropriate and continuous balancing of risk and value.

INTRALOT ERM follows a holistic approach for taking into account all parameters that drive the execution of INTRALOT Group Strategy, including INTRALOT's financial health, operations, people, technology, compliance, products and reputation.

ERM provides the means to continuously monitor risk, align it with the changing internal and external parameters and manage it according to the defined corporate risk appetite.

The Enterprise Risk Management (ERM) Framework is designed according to the specifications of COSO (Committee of Sponsorship Organizations of the Treadway Commission) and ISACA (COBIT for RISK). It is a holistic strategic framework taking into account risks related to the business objectives of INTRALOT GROUP.

The framework incorporates the following components:

1. Objective setting: Objectives are clearly defined in order to be used as a reference point for the identification of risks. A process is in place for setting objectives that align with INTRALOT's mission and are consistent with the corporate risk appetite.
2. Risk assessment: Risks are analyzed in relation to the objectives and by determining the likelihood of and impact from the realization of an adverse event.
3. Risk response: Management selects risk responses – avoiding, accepting, reducing, or sharing risk – developing a set of actions to align risks with the entity's risk tolerances and risk appetite.
4. Event identification: Internal and external events affecting the achievement of INTRALOT objectives are identified.
5. Internal environment: The internal environment sets the basis for how risk is viewed and addressed by people, including risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate.

6. Control activities: Policies, procedures, strategies and action plans in general are established and implemented to help ensure the risk responses are effectively carried out.
7. Information and communication: Relevant information is identified, captured, and communicated in a form and time frame that enable people to carry out their responsibilities.
8. Monitoring: Risk is monitored and modifications made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Description of significant risks and uncertainties

FINANCIAL RISKS

The Group's international activities create several financial risks in the Group's operation, due to constant changes in the global financial environment. The Group beyond the traditional risks of liquidity risk and credit risk also faces market risk. The most significant of these risks are currency risk and interest rate risk. The risk management program is a dynamic process that is constantly evolving and adapted according to market conditions and aims to minimize potential negative impact on financial results. The basic risk management policies are set by the Group Management. The risk management policy is implemented by the Treasury Department of the Group which operates under specific guidelines approved by management.

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.
Further analysis of the maturity of the financial liabilities of the Group is provided in note 2.33 of the annual financial statements.

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.

Further analysis of the sensitivity analysis on foreign exchange variations and currency hedging derivatives is provided in note 2.33 of the annual financial statements.

2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's activities are closely linked to interest rates because of investment and long and short term borrowings. To manage this risk category, the Group uses financial hedging instruments in order to reduce its exposure to interest rate risk. The Group's policy on managing its exposure to interest rate risk affects not only the parent company but also its subsidiaries for the loans concluded in euros or local currency.

The Group's exposure to the risk of changes in market interest rates relates primarily to long-term borrowings of the Group's with floating rate. The Group also manages interest rate risk by having a balanced portfolio of loans with fixed and floating rate borrowings. On December 31, 2016, taking into account the impact of financial hedging products, approximately 75% of the Group's borrowings are at a fixed rate (2015: 71%). As a result, the impact of interest rate fluctuations in operating results and cash flows of the Group's operating activities is small.

Further analysis of the sensitivity analysis of the Group's loans to interest rate changes is provided in note 2.33 of the annual financial statements.

OPERATING RISKS

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 in periods of economic crisis. 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. With its international expansion, INTRALOT has achieved significant diversification and has reduced its dependency on the performance of individual markets and economies.

Gaming Taxation

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

Other Operating Risks

- changes in government regulations and oversight in the jurisdictions in which we operate,
- risks posed by illegal betting (loss of market share),
- changes in consumer preferences,
- increased competition in the gaming industry,
- changes in market trends including technological changes and the changing technological demands and preferences of our customers,
- non-renewal or termination of material contracts and licenses,
- seasonality of sports schedules,
- player fraud.

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		Expense	
	01/01/2016-31/12/2016	01/01/2015-31/12/2015	01/01/2016-31/12/2016	01/01/2015-31/12/2015
Intracom Holdings Group	176	119	5.200	3.911
Lotrich Information Co LTD	2.069	2.714	2	19
Baltech LTD	0	0	45	1.903
Hellenic Lotteries S.A.	5.545	11.236	0	0
Other related parties	628	2.205	4.739	2.246
Executives and members of the board	0	0	10.550	11.938
Total	**8.418**	**16.274**	**20.536**	**20.017**

Company	Income		Expense	
	01/01/2016-31/12/2016	01/01/2015-31/12/2015	01/01/2016-31/12/2016	01/01/2015-31/12/2015
Hellenic Lotteries S.A.	5.545	9.456	0	0
Intracom Holdings Group	13	58	4.930	3.909
Lotrich Information Co LTD	2.069	2.714	2	19
Intralot Maroc S.A.	1.840	694	-84	-77
Maltco Lotteries LTD	1.555	1.442	0	0
Intralot De Peru SAC	3.016	1.401	0	0
Intralot Iberia Holdings S.A.	1.026	314	0	0
Intralot Finance UK LTD	0	0	15.549	10.392
Inteltek Internet AS	8.429	16.011	0	0
Azerinteltek AS	1.203	3.425	0	0
Intralot Do Brazil LTDA	1.546	1.590	-202	-216
Intralot Inc	5.125	6.968	50	6
Bilyoner Interaktif Hizmelter A.S.	4.641	4.612	0	0
Intralot Ireland LTD	1.599	1.346	0	0
Intralot Services S.A.	446	486	3.025	2.593
Ilot Capital UK LTD	0	0	1.610	513
Ilot Investments UK LTD	0	0	1.610	513
Intralot Chile SpA	5.411	0	0	0
Intralot Australia Pty LTD	729	1.621	-318	-313
Eurofootball Print LTD	353	1.749	0	0
Intralot International LTD	292	345	667	4.108
Intralot Finance Luxembourg S.A.	0	0	0	11.867
Intralot Gaming Services PTY LTD	723	2.552	0	21
Intralot Nederland B.V.	612	1.820	-567	-458
Other related parties	3.557	3.538	3.348	1.665
Executives and members of the board	0	0	4.806	6.068
Total	**49.730**	**62.142**	**34.426**	**40.610**

Group	Receivable		Payable	
	31/12/2016	31/12/2015	31/12/2016	31/12/2016
Intracom Holdings Group	8.538	8.495	18.137	15.802
Lotrich Information Co LTD	959	4.480	-1	1
Hellenic Lotteries S.A.	1.547	1.403	0	0
Rockridge Investments S.A.	0	0	1.665	3.330
Bit8 Limited	1.057	2.232	504	474
Gamenet Group SpA	3.500	0	0	0
Eurobet Partners LTD	95	0	8.834	0
Inver Club S.A.	1.133	1	0	0
Other related parties	9.753	15.248	2.060	1.811
Executives and members of the board	298	711	476	507
Total	**26.880**	**32.570**	**31.675**	**21.925**

Company	Receivable		Payable	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Hellenic Lotteries S.A.	1.547	1.403	0	0
Intracom Holdings Group	6.783	7.158	17.388	15.057
Intralot Australia PTY LTD	4.770	3.650	0	2
Intralot Do Brazil LTDA	21.701	19.952	0	0
Intralot Holdings International LTD	1.267	594	0	0
Betting Company S.A.	451	625	5.996	5.160
Loteria Moldovei S.A.	1.517	1.515	0	0
Maltco LTD	1.397	2.000	0	0
Pollot Sp.zoo	3.797	7.985	0	0
LotRom S.A.	1.663	1.663	13.857	13.901
Inteltek Internet AS	1.938	2.007	0	0
Intralot Inc	11.291	6.773	290	471
Intralot Nederland B.V.	2.323	2.089	0	11
Intralot Dominicana S.A.	2.117	2.360	0	0
Betting Cyprus LTD	0	0	3.914	3.914
Intralot Finance UK LTD	0	17	194.397	241.004
Intralot Gaming Services PTY LTD	3.978	7.894	0	20
Intralot Beijing Co LTD	0	0	2.769	2.896
Intralot Services S.A.	1.103	569	1.316	936
Ilot Capital UK LTD	0	0	21.475	20.513
Ilot Investments UK LTD	0	0	21.475	20.513
Intralot Chile SpA	5.411	0	-8	0
Intralot Gaming Machines Spa	0	1.335	0	0
Intralot Finance Luxembourg S.A.	0	2.163	0	0
Intralot Holding and Services SpA	0	30	0	1.036
Intralot de Peru SAC	0	10.587	0	0
Azerinteltek AS	0	1.110	0	0
Lotrich Information Co LTD	959	4.480	-1	1
Other related parties	15.339	14.229	672	1.598
Executives and members of the board	0	0	239	246
Total	**89.352**	**102.188**	**283.779**	**327.279**

From the company profits in 2016, €13.329 thousand (2015: €18.376 thousand) refer to dividends from the subsidiaries and associated companies Inteltek Internet AS, Bilyoner AS and Intralot de Peru SAC.

The BoD and Key Management Personnel transactions and fees for the Group and the Company for the year 1/1/2016-31/12/2016 were €10,6 million and €4,8 million respectively (2015: €11,9 million and €6,1 million 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 1/1/2016-31/12/2016.

Maroussi, 29/3/2017
Sincerely,
Group CEO

Antonios I. Kerastaris

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

Socrates Kokkalis owned 20,005% of the corporate share capital as of 31/12/2016.
Konstantinos Dimitriadis owned 7,991% of the corporate share capital as of 31/12/2016.
NOVOMATIC AG owned 5,070% of the corporate share capital as of 31/12/2016. UNICREDIT BANK AUSTRIA AG possesses these shares on behalf of NOVOMATIC AG.
MAKURIA CRETID MASTER FUND LTD owned 7,108% of the corporate share capital as of 31/12/2016.
Mittleman Brothers LLC owned 10,216% of the corporate share capital as of 31/12/2016.

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. Agreements 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.

INTRALOT S.A., according to article 16, Law 2190/1920, article 4,1,4,2 of the regulation of ATHEX and based on the resolution of the Shareholder's Annual General Meeting which took place on the 26.05.2016, has approved a buy-back program of up to 10% of the paid share capital, for the time period of 24 months with effect from 11.06.2016 and until 11.06.2018, with a minimum price of €1.00 and maximum price of €12,00. It has also approved that the own shares which will eventually be acquired may be held for future acquisition of shares of another company. Until 31/12/2016 the Company has purchased 1.582.769 own shares (0.996% of the corporate share capital) with average price €1,08 per share and a total purchase price of €1.708.969,6

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 08/03/2012 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 and the companies included in the consolidated financial statements taken as a total ,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 and the companies included in the consolidated financial statements taken as a total. 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 and the companies included in the consolidated financial statements taken as a total, 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, 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 or other neighboring Municipality, at least once for every year of account and no later than the 10^{th} day of the ninth month 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 Issue 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 one twentieth (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.

In case of absence of impediment of the President, the latter shall be substituted (as regards all powers and authorities of his/hers) by the Vice-President, while in case of absence or impediment of the latter, the Vice-President shall be substituted by the Managing Director. In case of absence of impediment of the latter, the Managing Director shall be substituted by the senior councillor. 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 dependant 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 fulfils 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 Extraordinary General Meeting of shareholders of 10 April 2014, for a five-year term, has the following composition after the resignation of the member Mr. Nikolaos-Leon Papapolitis, and the reconstruction of the Board of Directors:

1. Socrates P. Kokkalis, Chairman, executive member,
2. Constantinos G. Antonopoulos, Vice Chairman, non-executive member,
3. Antonios I. Kerastaris, CEO, executive member,
4. Konstantinos S. Kokkalis, Director, non-executive member,
5. Dimitrios Ch. Klonis, Director, non-executive member,
6. Petros K. Souretis, Director, non-executive member,
7. Sotirios N. Filos, Director, independent-non-executive member,
8. Anastasios M. Tsoufis, Director, independent-non-executive member, and
9. Ioannis P. Tsoukaridis, Director, independent-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. Copies and extracts of the Minutes are ratified by the President of the Board of Directors or the Managing Director or by any other councilor.

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 behaviour); 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 endeavour 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.

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 . In case of absence of impediment of the President, the latter shall be substituted (as regards all powers and authorities of his/hers) by the Vice-President, while in case of absence or impediment of the latter, the Vice-President shall be substituted by the Managing Director. In case of absence of impediment of the latter, the Managing Director shall be substituted by the senior councillor. 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.

COMPENSATION POLICY

The formulation and flawless implementation of the Corporate Compensation and Benefits Policy, plays a fundamental role in the operation of INTRALOT and constitutes the focal point for the long-term retention of its Human Capital.

INTRALOT cooperates with international consultancy agencies in the field of Compensation and Benefits research, constantly monitoring world reward trends aiming to achieve a fair, objective and competitive reward strategy in comparison not only with international but with local labor market practices as well.

The Compensation and Benefits Policy regulates fixed salaries levels, benefits and performance-related variable remuneration systems concerning the executive members of Board of Directors. The job description, accountability and responsibility of the position in the Group along with the academic background, competencies, professional experience, and performance evaluation constitute the criteria of the above mentioned policy.

The implementation of the Compensation and Benefits Policy and its monitoring systems aim, in full transparency, to define the salaries and benefits' structure and to safeguard the internal corporate fairness and consistency.
The principles of the Compensation and Benefit Policy imbue the total of the employee force of the Company, including the executive members of the Board of Directors. The fixed salaries reviews, the granting of bonuses along with the benefits share the aforementioned common principles and regard the whole corporate ladder based on the corporate budget and the annual performance of the Group.
In addition to both the fixed and variable remuneration pertaining to the executive members of the Board of Directors, other incentives such as medical and life insurance, corporate car along with extra benefits are granted.

Additionally, the corporate stock option scheme constitutes a strong incentive contributing to the retention of highly performing executives and to the continuous effort for the improvement of the long term results of the Company. Such programs regard the executive members of the Board of Directors, top executives and key employees meeting the following criteria, hierarchy, personal contribution, importance of the role along with performance evaluation results.

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,

Anastasios M. Tsoufis, independent - non-executive member and

Ioannis P. Tsoukaridis, 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.
- Proposes the appointment of a person as responsible for the whistleblowing policy of the Company, determines the responsibilities and any remuneration.

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 and Nomination Committee

Chairman: Konstantinos S. Kokkalis, Non-Executive member,

Members: Sotirios N. Filos, Independent - non-executive member,

Ioannis P. Tsoukaridis, 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.

- Proposes the criteria and the overall framework for the selection of the members of the Board of Directors.
- Suggests the procedures for determining the internal relations of the members of the Board of Directors.
- Determines the criteria for selection of new directors and movements.

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, emphasising 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.

VII. Diversity Policy

The Company hasn't adopted specific policy of diversity including gender balance. But in the Code of Conduct of the Company is referred that INTRALOT is committed to the policy of equal employment opportunity for all employees and candidates in accordance with the appropriate employment laws. The procedures for hiring and evaluating candidates and employees are based on their respective qualifications, skills and performance. Additionally, both as a matter of law and common decency, each employee of INTRALOT is entitled to pursue his or her employment free of unlawful discrimination and harassment with regards to sex, race, color, nationality, ancestry, citizenship, sexual orientation, religion, age, physical of mental disability, medical condition or marital status.

Table of the members participations to the workings of the Board of Directors and its committees during the year

PARTICIPATIONS IN DECISION-MAKING OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

FULL NAME	49 PARTICIPATIONS IN DECISION MAKING PROCEDURES OF THE BoD		8 MEETINGS OF THE AUDIT & COMPLIANCE COMMITTEE		1 MEETING OF THE REMUNERATION and NOMINATION COMMITTEE	
	PRESENT	ABSENT	PRESENT	ABSENT	PRESENT	ABSENT
SOCRATES KOKKALIS	49					
CONSTANTINOS ANTONOPOULOS	49					
ANTONIOS KERASTARIS	49					
KONSTANTINOS KOKKALIS	48	1			1	
DIMITRIOS KLONIS	49					
PETROS SOURETIS	49					
SOTIRIOS FILOS	49		8		1	
ANASTASIOS TSOUFIS	49		8			
IOANNIS TSOUKARIDIS	49		8		1	

INDEPENDENT AUDITORS' 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 2016, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as 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 that have been incorporated into Greek legislation (G.G./B'/2848/23.10.2012). 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 2016, 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.

Report on Other Legal and Regulatory Requirements

Whereas management is responsible for the preparation of the Report of the Board of Directors and the Corporate Governance Statement included in this report, pursuant to the provisions of paragraph 5, article 2 (part B') of L. 4336/2015, we note that:

a) The Report of the Board of Directors includes a corporate governance statement which provides all the information set out in article 43bb of cod. L. 2190/1920.

b) In our opinion, the Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of the articles 43a and 107A and the paragraph 1 (cases c' and d') of the article 43bb of cod. L. 2190/1920 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31/12/2016.

c) Based on our understanding obtained when performing our audit of the Company "INTRALOT S.A. INTEGRATED LOTTERY SYSTEMS AND SERVICES" and its environment, we have not identified any material misstatements in the Report of the Board of Directors.

Athens, 29 March 2017

The Chartered Accountants

Evagelos D. Kosmatos
SOEL Reg. No. 13561

Georgios Deligiannis
SOEL Reg. No 15791

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

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ANNUAL FINANCIAL STATEMENTS
INCOME STATEMENT GROUP / COMPANY FOR THE YEAR 2016

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Sale Proceeds	2.2	1.323.592	1.235.466	65.547	76.582
Less: Cost of Sales	2.3-2.5	-1.090.465	-1.001.739	-44.853	-44.852
Gross Profit /(loss)		**233.127**	**233.727**	**20.694**	**31.730**
Other Operating Income		33.094	23.139	14.673	38.836
Selling Expenses	2.3-2.5	-56.294	-56.561	-10.278	-10.794
Administrative Expenses	2.3-2.5	-87.375	-89.739	-15.477	-14.002
Research and Development Expenses	2.3-2.5	-4.716	-6.063	-4.642	-5.989
Other Operating Expenses	2.8	-9.901	-5.213	-17.030	-4.210
EBIT	2.1.27	**107.935**	**99.290**	**-12.060**	**35.571**
EBITDA	2.1.27	**175.839**	**164.892**	**-495**	**45.729**
Income/(expenses) from participations and investments	2.6	-17.465	-231	45.921	-17.836
Gain/(loss) from assets disposal, impairment loss and write-off of assets	2.7	-8.568	-734	-7.667	6
Interest and similar expenses	2.9	-87.489	-67.808	-19.878	-24.842
Interest and similar income	2.9	11.786	17.891	3.636	6.969
Exchange Differences	2.10	3.128	3.548	-542	2.556
Profit / (loss) from equity method consolidations	2.31	-4.574	-4.063	0	0
Profit/(loss) before tax from continuing operations		**4.753**	**47.893**	**9.410**	**2.424**
Taxes	2.11	-32.512	-45.127	-9.850	-6.054
Profit / (loss) after tax from continuing operations (a)		**-27.759**	**2.766**	**-440**	**-3.630**
Profit / (loss) after tax from discontinued operations (b) [1]	2.31	72.624	-23.442	0	0
Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**44.865**	**-20.676**	**-440**	**-3.630**
Attributable to:					
Equity holders of parent					
-Profit/(loss) from continuing operations		-71.694	-41.706	-440	-3.630
-Profit/(loss) from discontinued operations [1]	2.31	72.624	-23.442	0	0
		930	**-65.148**	**-440**	**-3.630**
Non-Controlling Interest					
-Profit/(loss) from continuing operations	2.31	43.935	44.472	0	0
-Profit/(loss) from discontinued operations [1]	2.31	0	0	0	0
		43.935	**44.472**	**0**	**0**
Earnings/(losses) after tax per share (in €) from total operations					
-basic	2.12	0,0059	-0,4111	-0,0028	-0,0229
-diluted	2.12	0,0059	-0,4111	-0,0028	-0,0229
Weighted Average number of shares	2.12	158.178.718	158.490.975	158.178.718	158.490.975

¹ The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC and Favorit Bookmakers Office OOO are presented as discontinued operations pursuant to IFRS 5 (note 2.31.A.VIII)

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY FOR THE YEAR 2016

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/1-31/12/2016	1/1-31/12/2015	1/1-31/12/2016	1/1-31/12/2015
Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**44.865**	**-20.676**	**-440**	**-3.630**
Attributable to:					
Equity holders of parent Company					
-Profit/(loss) from continuing operations		-71.694	-41.706	-440	-3.630
-Profit/(loss) from discontinued operations [1]	2.31	72.624	-23.442	0	0
		930	**-65.148**	**-440**	**-3.630**
Non-Controlling Interest					
-Profit/(loss) from continuing operations	2.31	43.935	44.472	0	0
-Profit/(loss) from discontinued operations [1]		0	0	0	0
		43.935	**44.472**	**0**	**0**
Other comprehensive income after tax					
Amounts that may not be reclassified to profit or loss:					
Defined benefit plans revaluation for subsidiaries and parent company	2.25	157	-14	-31	216
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -sale financial assets of parent and subsidiaries	2.17	-2.986	-1.749	-1.760	-11
Derivatives valuation of parent and subsidiaries		0	0	0	0
Exchange differences on subsidiaries consolidation	2.22	-8.408	-13.597	0	0
Share of exchange differences on consolidation of associates and joint ventures	2.22	2.492	8.204	0	0
Other comprehensive income/ (expenses) after tax		**-8.745**	**-7.156**	**-1.791**	**205**
Total comprehensive income / (expenses) after tax		**36.120**	**-27.832**	**-2.231**	**-3.425**
Attributable to:					
Equity holders of parent		-3.562	-69.149	-2.231	-3.425
Non-Controlling Interest	2.31	39.682	41.317	0	0

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC and Favorit Bookmakers Office OOO are presented as discontinued operations pursuant to IFRS 5 (note 2.31.A.VIII)

INCOME STATEMENT GROUP / COMPANY FOR THE 4th QUARTER OF 2016

Amounts reported in thousand €	Note	GROUP		COMPANY	
		1/10-31/12/2016	1/10-31/12/2015	1/10-31/12/2016	1/10-31/12/2015
Sale Proceeds	2.2	366.100	340.501	18.261	23.787
Less: Cost of Sales	2.3-2.5	-301.276	-274.982	-9.810	-12.382
Gross Profit /(loss)		**64.824**	**65.519**	**8.451**	**11.405**
Other Operating Income		18.754	6.133	169	4.885
Selling Expenses	2.3-2.5	-16.401	-19.225	-2.713	-4.800
Administrative Expenses	2.3-2.5	-24.083	-24.209	-5.877	-5.516
Research and Development Expenses	2.3-2.5	-584	-797	-566	-778
Other Operating Expenses	2.8	-8.363	-1.382	-4.675	-22
EBIT	2.1.27	**34.147**	**26.039**	**-5.211**	**5.174**
EBITDA	2.1.27	**51.565**	**43.538**	**-2.220**	**8.576**
Income/(expenses) from participations and investments	2.6	-15.415	-163	35.092	2.082
Gain/(loss) from assets disposal, impairment loss and write-off of assets	2.7	-6.771	-916	-7.672	5
Interest and similar expenses	2.9	-32.642	-16.572	-5.368	-4.486
Interest and similar income	2.9	3.842	6.652	1.563	4.346
Exchange Differences	2.10	4.618	2.313	-473	1.964
Profit / (loss) from equity method consolidations	2.31	-1.971	-1.265	0	0
Profit/(loss) before tax from continuing operations		**-14.192**	**16.088**	**17.931**	**9.085**
Taxes	2.11	-10.845	-11.450	-11.439	-4.515
Profit / (loss) after tax from continuing operations (a)		**-25.037**	**4.638**	**6.492**	**4.570**
Profit / (loss) after tax from discontinued operations (b) [1]	2.31	37.495	-8.686	0	0
Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**12.458**	**-4.048**	**6.492**	**4.570**
Attributable to:					
Equity holders of parent Company					
-Profit/(loss) from continuing operations		-38.371	-6.038	6.492	4.570
-Profit/(loss) from discontinued operations [1]	2.31	37.495	-8.686	0	0
		-876	**-14.724**	**6.492**	**4.570**
Non-Controlling Interest					
-Profit/(loss) from continuing operations	2.31	13.334	10.676	0	0
-Profit/(loss) from discontinued operations [1]	2.31	0	0	0	0
		13.334	**10.676**	**0**	**0**
Earnings/(losses) after tax per share (in €) from total operations					
-basic	2.12	-0,0055	-0,0929	0,0410	0,0288
-diluted	2.12	-0,0055	-0,0929	0,0410	0,0288
Weighted Average number of shares	2.12	158.178.718	158.490.975	158.178.718	158.490.975

¹ The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC and Favorit Bookmakers Office OOO are presented as discontinued operations pursuant to IFRS 5 (note 2.31.A.VIII)

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY FOR THE 4th QUARTER OF 2016

Amounts reported in thousand €	Note	GROUP 1/10-31/12/2016	GROUP 1/10-31/12/2015	COMPANY 1/10-31/12/2016	COMPANY 1/10-31/12/2015
Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**12.458**	**-4.048**	**6.492**	**4.570**
Attributable to:					
Equity holders of parent					
-Profit/(loss) from continuing operations		-38.371	-6.038	6.492	4.570
-Profit/(loss) from discontinued operations [1]	2.31	37.495	-8.686	0	0
		-876	**-14.724**	**6.492**	**4.570**
Non-Controlling Interest					
-Profit/(loss) from continuing operations	2.31	13.334	10.676	0	0
-Profit/(loss) from discontinued operations [1]		0	0	0	0
		13.334	**10.676**	**0**	**0**
Other comprehensive income after tax					
Amounts that may not be reclassified to profit or loss:					
Defined benefit plans revaluation for subsidiaries and parent company	2.25	-253	-21	-31	216
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -sale financial assets of parent and subsidiaries	2.17	-2.558	241	-1.758	-4
Derivatives valuation of parent and subsidiaries		-28	0	-28	0
Exchange differences on subsidiaries consolidation	2.22	-690	2.811	0	0
Share of exchange differences on consolidation of associates and joint ventures	2.22	5.433	2.062	0	0
Other comprehensive income/ (expenses) after tax		**1.904**	**5.093**	**-1.817**	**212**
Total comprehensive income / (expenses) after tax		**14.362**	**1.045**	**4.675**	**4.782**
Attributable to:					
Equity holders of parent		844	-11.240	4.675	4.782
Non-Controlling Interest	2.31	13.518	12.285	0	0

[1] The activities of Group subsidiaries in Italy and those of Intralot de Peru SAC and Favorit Bookmakers Office OOO are presented as discontinued operations pursuant to IFRS 5 (note 2.31.A.VIII)

STATEMENT OF FINANCIAL POSITION GROUP/COMPANY

Amounts reported in thousand €	Note	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
ASSETS					
Tangible assets	2.13	126.962	166.445	15.391	17.338
Investment property	2.14	6.038	5.805	0	0
Intangible assets	2.15	329.582	328.827	90.044	83.144
Investment in subsidiaries, associates and joint ventures	2.16	180.807	40.863	155.740	172.294
Other financial assets	2.17	21.910	26.085	1.483	3.243
Deferred Tax asset	2.11	6.750	9.115	0	0
Other long term receivables	2.18	22.407	70.225	144	200
Total Non-Current Assets		**694.456**	**647.365**	**262.802**	**276.219**
Inventories	2.20	32.250	42.591	18.888	24.064
Trade and other short term receivables	2.19	169.979	202.732	128.010	127.092
Other financial assets	2.17	0	0	0	0
Cash and cash equivalents	2.21	164.401	276.609	20.356	35.859
Total Current Assets		**366.630**	**521.932**	**167.254**	**187.015**
TOTAL ASSETS		**1.061.086**	**1.169.297**	**430.056**	**463.234**
EQUITY AND LIABILITIES					
Share capital	2.22	47.689	47.689	47.689	47.689
Treasury shares	2.22	-1.709	-490	-1.709	-490
Other reserves	2.22	56.036	62.211	43.936	45.727
Foreign currency translation	2.22	-61.180	-59.410	0	0
Retained earnings	2.23	86.706	79.563	6.892	7.332
Total equity attributable to shareholders of the parent		**127.542**	**129.563**	**96.808**	**100.258**
Non-Controlling Interest	2.31	68.944	77.819	0	0
Total Equity		**196.486**	**207.382**	**96.808**	**100.258**
Long term debt	2.24	643.892	716.094	237.348	280.673
Staff retirement indemnities	2.25	5.382	6.879	3.396	3.412
Other long term provisions	2.31	10.891	6.638	10.088	4.665
Deferred Tax liabilities	2.11	16.036	16.142	6.548	6.700
Other long term liabilities	2.27	17.271	19.113	0	0
Finance lease obligation	2.32	684	1.966	0	0
Total Non-Current Liabilities		**694.156**	**766.832**	**257.380**	**295.450**
Trade and other short term liabilities	2.28	128.141	135.280	65.871	62.200
Short term debt and finance lease	2.29	14.733	36.180	0	1.358
Current income tax payable	2.11	17.610	14.986	6.037	608
Short term provision	2.31	9.960	8.637	3.960	3.360
Total Current Liabilities		**170.444**	**195.083**	**75.868**	**67.526**
TOTAL LIABILITIES		**864.600**	**961.915**	**333.248**	**362.976**
TOTAL EQUITY AND LIABILITIES		**1.061.086**	**1.169.297**	**430.056**	**463.234**

STATEMENT OF CHANGES IN EQUITY GROUP

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currency translation	Retained Earnings	Total	Non-Controlling Interest	Grand Total
Opening Balance 1 January 2016	**47.689**	**-490**	**30.561**	**31.650**	**-59.410**	**79.563**	**129.563**	**77.819**	**207.382**
Effect on retained earnings from previous years adjustments						-20	**-20**	15	**-5**
Subsidiary share capital return							**0**	-3.292	**-3.292**
New consolidated entities							**0**	1.048	**1.048**
Period's results						930	**930**	43.935	**44.865**
Other comprehensive income / (expenses) after tax				-2.616	-1.770	-106	**-4.492**	-4.253	**-8.745**
Dividends to equity holders of parent / non-controlling interest							**0**	-43.548	**-43.548**
Effect due to change in ownership percentage						2.780	**2.780**	-2.780	**0**
Transfer between reserves			-3.485	-74		3.559	**0**		**0**
Treasury shares repurchase		-1.219					**-1.219**		**-1.219**
Balances as at 31 December 2016	**47.689**	**-1.709**	**27.076**	**28.960**	**-61.180**	**86.706**	**127.542**	**68.944**	**196.486**

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currency translation	Retained Earnings	Total	Non-Controlling Interest	Grand Total
Opening Balance 1 January 2015	**47.689**	**-490**	**26.001**	**33.806**	**-57.090**	**167.563**	**217.479**	**100.060**	**317.539**
Effect on retained earnings from previous years adjustment						46	**46**	72	**118**
Period's results						-65.148	**-65.148**	44.472	**-20.676**
Other comprehensive income / (expenses) after taxes				-1.619	-2.320	-62	**-4.001**	-3.155	**-7.156**
Dividends to equity holders of parent / non-controlling interest							**0**	-68.915	**-68.915**
Effect due to change in ownership percentage						-18.813	**-18.813**	5.285	**-13.528**
Transfer between Reserves			4.560	-537		-4.023	**0**		**0**
Balances as at 31 December 2015	**47.689**	**-490**	**30.561**	**31.650**	**-59.410**	**79.563**	**129.563**	**77.819**	**207.382**

STATEMENT OF CHANGES IN EQUITY COMPANY

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Retained Earnings	Total
Opening Balance 1 January 2016	**47.689**	**-490**	**15.896**	**29.831**	**7.332**	**100.258**
Period's results					-440	**-440**
Other comprehensive income /(expenses) after taxes				-1.791		**-1.791**
Transfer between reserves		-1.219				**-1.219**
Balances as at 31 December 2016	**47.689**	**-1.709**	**15.896**	**28.040**	**6.892**	**96.808**

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Retained Earnings	Total
Opening Balance 1 January 2015	**47.689**	**-490**	**15.896**	**30.168**	**10.420**	**103.683**
Period's results					-3.630	**-3.630**
Other comprehensive income /(expenses) after taxes				205		**205**
Transfer between reserves				-542	542	**0**
Balances as at 31 December 2015	**47.689**	**-490**	**15.896**	**29.831**	**7.332**	**100.258**

CASH FLOW STATEMENT GROUP/COMPANY

Amounts reported in thousands of € (total operations)	Note	GROUP 1/1-31/12/2016	GROUP 1/1-31/12/2015	COMPANY 1/1-31/12/2016	COMPANY 1/1-31/12/2015
Operating activities					
Profit / (loss) before tax from continuing operations		4.753	47.893	9.410	2.424
Profit / (loss) before tax from discontinued operations	2.31	84.528	-22.154	0	0
Profit / (loss) before Taxation		**89.281**	**25.739**	**9.410**	**2.424**
Plus / Less adjustments for:					
Depreciation and amortization	2.4	86.873	98.190	11.565	10.158
Provisions	2.7/2.8	25.402	9.625	11.129	4.404
Results (income, expenses, gain and loss) from investing activities	2.6/2.7 2.10/2.16	-88.875	-183	-45.385	-20.971
Interest and similar expenses	2.9	88.825	68.640	19.878	24.842
Interest and similar income	2.9	-11.952	-18.020	-3.636	-6.969
Plus / less adjustments for changes in working capital:					
Decrease / (increase) of inventories		2.756	1.158	-980	8.590
Decrease / (increase) of receivable accounts		-9.160	-19.272	7.964	10.931
(Decrease) / increase of payable accounts (except banks)		11.156	-23.905	4.275	-52.034
Less: Income tax paid		26.204	28.188	0	0
Total inflows / (outflows) from operating activities (a)		**168.102**	**113.784**	**14.220**	**-18.625**
Investing Activities					
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	2.17 2.31	4.499	-5.339	42.611	992
Purchases of tangible and intangible assets	2.13-2.15	-65.420	-70.786	-18.464	-17.645
Proceeds from sales of tangible and intangible assets	2.13-2.15	2.566	2.106	13	5
Interest received		7.741	12.326	1.179	1.166
Dividends received		1.011	1.875	9.272	15.626
Total inflows / (outflows) from investing activities (b)		**-49.603**	**-59.818**	**34.611**	**144**
Financing Activities					
Subsidiary share capital return		-3.292	0	1.245	0
Repurchase of own shares		-1.219	0	-1.219	0
Cash inflows from loans	2.24	303.836	61.423	10.000	289.604
Repayment of loans	2.24	-388.416	-58.781	-68.957	-227.806
Bond buy backs	2.24	-3.742	-40.885	0	0
Repayments of finance lease obligations	2.24	-6.833	-11.509	0	0
Interest and similar expenses paid		-83.492	-64.850	-5.397	-16.895
Dividends paid	2.23	-42.161	-67.682	0	0
Total inflows / (outflows) from financing activities (c)		**-225.319**	**-182.284**	**-64.328**	**44.903**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)		**-106.820**	**-128.318**	**-15.497**	**26.422**
Cash and cash equivalents at the beginning of the period	2.24	**276.609**	**416.925**	**35.859**	**7.875**
Net foreign exchange difference		-5.388	-11.998	-6	1.562
Cash and cash equivalents at the end of the period from total operations	2.24	**164.401**	**276.609**	**20.356**	**35.859**

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, 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, a public listed company, is the leading supplier of integrated gaming and transaction processing systems, innovative game content, sports betting management and interactive gaming services to state-licensed gaming organizations worldwide. Its broad portfolio of products & services, its know-how of Lottery, Betting, Racing & Video Lottery operations and its leading-edge technology, give INTRALOT a competitive advantage, which contributes directly to customers' efficiency, profitability and growth. With presence in 55 countries and states, with approximately 5.300 employees and revenues of €1,32 billion for 2016, INTRALOT has established its presence on all 5 major continents.

The annual financial statements of the Group and the Company for the period ended December 31, 2016 were approved by the Board of Directors on March 29, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1.1 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.

2.1.2 Statement of compliance

These financial statements for the period ended 31 December 2016 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 endorsed by the European Union as of December 31, 2016.

2.1.3 Financial Statements

INTRALOT keeps its accounting books and records and prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) Law 4308/2014 chap. 2, 3 & 4 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 GAS (L.4308/2014), the International Financial Reporting Standards (IFRS) 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).

2.1.4 Changes in accounting policies

For the preparation of the financial statements of period ended December 31, 2016, the accounting policies adopted are consistent with those followed in the preparation of the most recent annual financial statements (December 31, 2015), except for the below mentioned adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2016.

Standards and Interpretations compulsory for the fiscal year 2016

New standards, amendments of published standards and interpretations mandatory for accounting periods beginning on 1st January 2016. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

IFRS 14 "Regulatory Deferral Accounts" (interim Standard)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

In January 2014, the IASB issued an interim Standard, IFRS 14 "Regulatory Deferral Accounts". The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. IFRS does not provide any specific guidance for rate-regulated activities. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard. These amendments do not affect Group financial statements and have not yet been endorsed by the European Union.

IAS 19 (Amendment) "Employee Benefits"

(COMMISSION REGULATION (EU) No.2015/29 of 17th December 2014, L 5/11 -9/1/2015)

This applies to annual accounting periods starting on or after 1st February 2015. Earlier application is permitted.

In November 2013 the IASB issued narrow scope amendments in IAS 19 "Employee Benefits". The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments do not affect Group financial statements.

IAS 16 (Amendment) "Property, Plant and Equipment" and IAS 38 (Amendment) "Intangible Assets"

(COMMISSION REGULATION (EU) No. 2015/2231 of 2nd December 2015, L 317/19 -3/12/2015)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted.

In May 2014, the IASB published amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments do not affect Group financial statements.

IAS 16 (Amendment) "Property, Plant and Equipment" and IAS 41 (Amendment) "Agriculture"

(COMMISSION REGULATION (EU) No. 2015/2113 of 23rd November 2015, L 306/7 -24/11/2015)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. In June 2014, the IASB published amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 "Property, Plant and Equipment", because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. These amendments do not affect Group financial statements.

IFRS 11 (Amendment) "Joint Arrangements"

(COMMISSION REGULATION (EU) No. 2015/2173 of 24th November 2015, L 307/11 -25/11/2015)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. In May 2014, the IASB published amendments to IFRS 11 "Joint Arrangements". IFRS 11 addresses the accounting for interests in joint ventures and joint operations and adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. These amendments do not affect Group financial statements.

IAS 27 (Amendment) "Separate Financial Statements"

(COMMISSION REGULATION (EU) No. 2015/2441 of 18th December 2015, L 336/49 -23/12/2015)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. In August 2014, the IASB published amendments to IAS 27 "Separate Financial Statements". The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Intralot SA will continue accounting, in its separate financial statements, for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IFRS 9.

IFRS 10, IFRS 12 & IAS 28 (Amendments) "Investment Entities: Applying the Consolidation Exception"

(COMMISSION REGULATION (EU) No. 2016/1703 of 22nd September 2016, L 257/1 -23/9/2016)

This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. In December 2014, the IASB published amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures". The amendments introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. These amendments do not affect Group financial statements.

IAS 1 (Amendment) "Presentation of Financial Statements"

(COMMISSION REGULATION (EU) No. 2015/2406 of 18th December 2015, L 333/97 -19/12/2015)
This applies to annual accounting periods starting on or after 1st January 2016. Earlier application is permitted. In December 2014, the IASB published amendments to IAS 1 "Presentation of Financial Statements". The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The Group has taken into account the amendments during the preparation of its 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 December 2013, a Cycle of narrow scope amendments to existing Standards. The amendments hold for the annual fiscal periods beginning on or after the 1st of February, 2015. The below amendments will not have significant effect on the Group's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

(COMMISSION REGULATION (EU) No.2015/28 of 17th December 2014, L 5/1 -9/1/2015)

IFRS 2 "Share-based Payment"

Definitions of "vesting conditions" and "market conditions" are amended and the definitions of "performance conditions" and "service conditions" are added (previously were part of the "vesting conditions" definition).

IFRS 3 "Business Combinations"

The amendment clarifies that the contingent consideration that is classified as financial asset or liability shall be measured at fair value at each reporting date.

IFRS 8 "Operating Segments"

The amendment requires that an entity shall disclose the judgements made by the management in applying the aggregation criteria in operating segments. It also clarifies that the entity shall provide reconciliations of the total reportable segments' assets to the entity's assets only if the segments assets are reported regularly.

IFRS 13 "Fair Value Measurement"

The amendment clarifies that the issue of IFRS 13 and the amendments of IFRS 9 and IAS 39 did not result in the deletion of the ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, when the effect of not discounting is immaterial.

IAS 16 "Property, Plant and Equipment"

The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with revaluation of the carrying amount of the asset and the accumulated depreciation is eliminated against the gross carrying amount of the asset.

IAS 24 "Related Party Disclosures"

The amendment clarifies that the entity, or any member of a group of which is part, provides "key management personnel" services to the reporting entity or to the parent of the reporting entity, is a related party to the reporting entity.

IAS 38 "Intangible Assets"

The amendment clarifies that when an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with revaluation of the carrying amount of the asset and the accumulated depreciation is eliminated against the gross carrying amount of the asset.

Also, IASB in its annual improvement program published in September 2014, one new Cycle of narrow scope amendments to existing Standards. The amendments hold for the annual fiscal periods beginning on or after the 1st of January, 2016. The below amendments will not have significant effect on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

(COMMISSION REGULATION (EU) No. 2015/2343 of 15th December 2015, L 330/20 -16/12/2015)

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies the accounting for a change in a disposal plan from a plan to sell a non-current asset (or disposal group) to a plan to distribute a non-current asset (or disposal group), and provides guidance in IFRS 5 for the discontinuation of held for distribution accounting.

IFRS 7 "Financial Instruments: Disclosure"

The amendment clarifies how an entity should apply the guidance in paragraph 42C of IFRS 7 to a servicing contract in order to decide whether a servicing contract is "continuing involvement" for the purposes of applying the disclosure requirements in paragraphs 42E–42H of IFRS 7.

IAS 19 "Employee Benefits"

The amendment clarifies that for the determination of the rate used to discount post-employment benefit obligations, the depth of the market for high quality corporate bonds should be assessed at the currency level.

IAS 34 "Interim Financial Reporting"

The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" in paragraph 16A of IAS 34 and requires the inclusion of a cross-reference from the interim financial statements to the location of this information.

Standards and Interpretations compulsory after December 31, 2016

The following new standards, amendments and IFRICs have been published but are in effect for the annual fiscal period beginning the 1st of January 2017 and have not been adopted from the Group earlier.

IFRS 9 "Financial Instruments"

(COMMISSION REGULATION (EU) No. 2016/2067 of 22nd November 2016, L 323/1 - 29/11/2016)
This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.
In July 2014, the IASB completed the last phase of IAS 39 replacement by issuing IFRS 9 "Financial Instruments". The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and Measurement

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

Impairment

During the financial crisis, the delayed recognition of credit losses on loans (and other financial instruments) was identified as a weakness in existing accounting standards. As part of IFRS 9, the IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Own credit

IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Early application of this improvement to financial reporting, prior to any other changes in the accounting for financial instruments, is permitted by IFRS 9.

The Group is in the process of evaluating the effect of IFRS 9 on its financial statements, without having a final detailed impact assessment. A more detailed assessment of the new standard effects will be carried out during the next year. However the below estimation can be made:

Classification and Measurement

As for the financial assets held by the Group on 31/12/2016, is estimated that would likely continue to be measured on the same basis under the new standard and so no significant changes on financial assets classification and measurement are expected.

Impairment

The assessment made by the Group as for the impact of the new expected-loss impairment model is at early stages. However, application of this model may result in an earlier recognition of expected credit losses.

Hedge accounting

The assessment made by the Group as for the impact of the reformed model for hedge accounting is at early stages. However, application of this model is not expected to have a significant impact on the accounting treatment of hedging contracts usually performed by the Group.

Own credit

New standard is not expected to have any impact on the accounting treatment of the Group financial liabilities, since the Group does not have any financial liabilities at fair value through profit or loss, but only financial liabilities at amortized cost.

IFRS 7 (Amendment) "Financial Instruments: Disclosures"

This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted. On 16.12.2011 and on 19.11.2013, the IASB issued an amendment in IFRS 7, adding in the Standard disclosures related to the transition to IFRS 9. The amendment has not yet been endorsed by the European Union. The Group is in the process of evaluating the effect of the amendment on its financial statements.

IFRS 15 "Revenue from Contracts with Customers"

(COMMISSION REGULATION (EU) No. 2016/1905 of 22nd September 2016, L 295/19 - 29/10/2016)

This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted. In May 2014, the International Accounting Standards Board (IASB), responsible for International Financial Reporting Standards (IFRS), and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP), jointly issued a converged Standard on the recognition of revenue from contracts with customers. The Standard will improve the financial reporting of revenue and improve comparability of the financial statements globally.

Revenue is a vital metric for users of financial statements and is used to assess a company's financial performance and prospects. However, the previous requirements of both IFRS and US GAAP were different and often resulted in different accounting for transactions that were economically similar. Furthermore, while revenue recognition requirements of IFRS lacked sufficient detail, the accounting requirements of US GAAP were considered to be overly prescriptive and conflicting in certain areas.

Responding to these challenges, the boards have developed new, fully converged requirements for the recognition of revenue in both IFRS and US GAAP—providing substantial enhancements to the quality and consistency of how revenue is reported while also improving comparability in the financial statements of companies reporting using IFRS and US GAAP.

This new Standard replaces IAS 18, IAS 11 and the Interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 that are related to revenue recognition. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The Group has made an initial assessment regarding the impact of the application of IFRS 15. Group revenue is classified into the following business activities:

a) Licensed operations (Game operation):

During fiscal year 2016 Group revenue from "Licensed operations" was 75% of total revenue from continuing operations. 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. Currently, 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. The application of IFRS 15 is not expected to affect the recognition of revenue in this category.

b) Management contacts (Game management):

During fiscal year 2016 Group revenue from "Management contracts" was 9% of total revenue from continuing operations. 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. Currently, 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. The application of IFRS 15 is not expected to affect the recognition of revenue in this category.

c) Technology (hardware and software) and support services (technical):

During fiscal year 2016 Group revenue from "Technology and support services" was 16% of total revenue from continuing operations.

i) Technology (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, currently 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. The application of IFRS 15 is not expected to affect the recognition of revenue in this case, since the revenue recognition will occur at appoint of time when control of the technology (hardware and software) is transferred to the customer, generally on its delivery.

In the second case that consists income from operating lease, currently 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). The application of IFRS 15 is not expected to affect the recognition of revenue in this case, since it is subject to the principles of IAS 17.

In the third case that consists income from finance lease, currently 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 income statement during the lease term. The application of IFRS 15 is not expected to affect the recognition of revenue in this case, since it is subject to the principles of IAS 17.

ii) Support services (technical): This category includes the rendering of technical support services to Lotteries so that they can operate their on-line games. These services are sold either on their own in separate contracts with the customers or bundled together with the sale of technology (hardware and software) to customers. Currently, the Group accounts for the technology (hardware and software) and support services as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. Revenue recognition related to support services occurs by reference to the stage of completion of the transaction, at the reporting date. Under IFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted. The Group has preliminarily assessed that the majority of support services are satisfied over time and consequently the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point of time.

Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 the Group developed and started testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

The Group will decide within the next year whether to apply the new standard retrospectively to each prior reporting period presented or the cumulative effect at the date of initial application.

IFRS 15 (Amendment) "Revenue from Contracts with Customers"

This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.

In April 2016, the IASB issued amendments in IFRS 15 "Revenue from Contracts with Customers" including clarifications about how IFRS 15 principles should be applied. They arise as a result of discussions of the Transition Resource Group (TRG). The TRG was set up jointly by the IASB and the US national standard-setter, the Financial Accounting Standards Board (FASB), to assist companies with implementing the new Standard. The amendments clarify how to:

- identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;

- determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- determine whether the revenue from granting a license should be recognised at a point in time or over time.

In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

The Group will assess the impact of these amendments on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 16 "Leases"

This applies to annual accounting periods starting on or after 1st January 2019. Earlier application is permitted if IFRS 15 "Revenue from Contracts with Customers" has also been applied.

In January 2016, the IASB issued a new accounting Standard, called IFRS 16 "Leases" that replaces IAS 17 "Leases", and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

As for lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

As for lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The new accounting standard will affect the accounting treatment of the operating leases of the Group as a lessee. On 31/12/2016 the Group had commitments from non-cancellable operating leases amounting to €19.080 thousand (note 2.32). However, the Group has not yet determined to what extent these commitments will result in the recognition of liabilities for future payments, and how the new standard application will affect income statement as well as the classification of cash flows of the Group. Some of the above commitments may be exempted from the requirements of the new standard since they not meet criteria to qualify as leases or covered by the exception for short-term or/and low-value leases.

A more detailed assessment of the new standard effects will be carried out during the next year.

The new standard has not yet been endorsed by the European Union.

IAS 7 (Amendment) "Statement of Cash Flows"

This applies to annual accounting periods starting on or after 1st January 2017. Earlier application is permitted.

In January 2016 the IASB issued amendments in IAS 7 "Statement of Cash Flows" about improvements to disclosures. These disclosures require companies to provide information about changes in their financing liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IAS 12 (Amendment) "Income Taxes"

This applies to annual accounting periods starting on or after 1st January 2017. Earlier application is permitted.

In January 2016 the IASB issued amendments in IAS 12 "Income Taxes" about Recognition of Deferred Tax Assets for Unrealised Losses, clarifying how to account for deferred tax assets related to debt instruments measured at fair value to address diversity in practice.

The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 10 & IAS 28 (Amendments) "Sale or contribution of Assets between an Investor and its Associate or Joint Venture"

In September 2014, the IASB announced that the amendments apply to annual accounting periods starting on or after 1st January 2016. In December 2015 it was announced that application is indefinitely deferred. Earlier application is permitted.

In September 2014, the IASB published amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 2 (Amendment) "Share-based Payment"

This applies to annual accounting periods starting on or after 1st January 2018. Earlier application is permitted.

In June 2016 the IASB issued amendments in IFRS 2 "Share-based Payment", clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for:

a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group will assess the impact of the amendment on its financial statements. These amendments have not yet been endorsed by the European Union.

IFRS 4 (Amendment) "Insurance Contracts"

This applies to annual accounting periods starting on or after 1st January 2018.

In September 2016 the IASB issued amendments in IFRS 4 "Insurance Contracts", addressing concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement

Standard that the IASB is developing for IFRS 4. These concerns include temporary volatility in reported results.

The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard—IAS 39.

The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility.

These amendments do not affect Group financial statements. These amendments have not yet been endorsed by the European Union.

IAS 40 (Amendment) "Investment Property"

This applies to annual accounting periods starting on or after 1st January 2018.

In December 2016 the IASB issued amendments in IAS 40 "Investment Property", clarifying that an entity shall transfer a property to, or form, investment property when, and only when, there is change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

These amendments do not affect Group financial statements. These amendments have not yet been endorsed by the European Union.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

This applies to annual accounting periods starting on or after 1st January 2018.

In December 2016 the IASB issued the Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" providing guidance on how to determine the date of the transaction when applying IAS 21 about foreign currency transactions. This Interpretation applies to foreign currency transactions when an entity recognizes a payment or receipt of advance consideration before the entity recognizes the related asset, expense or income.

The Group will assess the impact of the new standard on its financial statements. These amendments have not yet been endorsed by the European Union.

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

IASB in its annual improvement program published in December 2016, a Cycle of minor amendments to existing Standards. The Group will assess the impact of the new standard on its financial statements. These amendments have not yet been endorsed by the European Union.

Annual Improvements to IFRSs 2014-2016 Cycle

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

The amendment holds for the annual fiscal periods beginning on or after the 1st of January, 2018.
The amendment deletes short-term exemptions for first-time adopters.

IFRS 12 "Disclosure of Interests in Other entities"

The amendment holds for the annual fiscal periods beginning on or after the 1st of January, 2017.
The amendment clarifies that the disclosure requirements in IFRS 12 apply to interests in entities within the scope of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", apart from the requirements to disclose summarized financial information.

IAS 28 "Investments in Associates and Joint Ventures"

The amendment holds for the annual fiscal periods beginning on or after the 1st of January, 2018.
The amendment clarifies that when an investment in an associate or a joint venture is held by an entity that is a venture capital organization, or a mutual fund, and similar entities apply the election to measure that investment at fair value through profit or loss in accordance to IFRS 9, this election shall be made separately for each associate or joint venture, at initial recognition.

2.1.5 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.
Adjustments are made to bring in line any dissimilar accounting policies that may have existed. All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income and financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 the parent's share of 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.

2.1.6 Business combination and goodwill

a) Subsidiaries

Subsidiaries are entities that are controlled by the Group. 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. For each subsidiary acquired, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included to income statement.

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 income statement or as a change in other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. 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 consideration transferred, the amount recognized for non-controlling interests and any previous interest held, over the net fair value of the identifiable assets acquired and liabilities assumed of the acquiree. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised 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 translated at the closing rate accordingly.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Based on IFRS 3 "Business combinations", Goodwill is not amortized. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. 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 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 operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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 and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under this method, investments in associates or joint ventures 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 or joint venture. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Group's share of the post-acquisition associate's or joint venture's results after taxes and non-controlling interests of the associate's or joint venture's subsidiaries. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. Also, the Group's share of the changes in associates' or joint ventures' 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

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

If the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, 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 or joint venture.

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 or joint venture. The Group incurs impairment test at the end of each reporting period comparing the recoverable amount of the investment in associate or joint venture to its carrying value and recognizes the difference in the income statement 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 or joint control over a joint venture 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 or joint venture is recognized in the income statement of the period.

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

2.1.7 Foreign Currency Translation

The functional and presentation currency of INTRALOT S.A. and its subsidiaries which are located in Greece is the euro (€). The Group's consolidated financial statements are presented in euros. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

All resulting differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to Other Comprehensive Income until the disposal of the net investment, at which time they are recognized in the consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in Other Comprehensive Income.

Exchange differences resulting from financial assets and liabilities (intragroup loans and long term non trade receivables/payables for which settlement is neither planned nor likely to occur in the foreseeable future) that has been classified as part of an entity's net investment in a subsidiary with foreign operations, are recognised in income statement in the separate financial statements of the entity or/and subsidiary. In the consolidated financial statements, the above exchange differences are recognised in other comprehensive income and included in the exchange differences reserve. When the settlement of the above financial assets and liabilities is planned or likely to occur in the foreseeable future, cumulative exchange differences in reserves are reclassified in consolidated income statement since the financial assets and liabilities cease to be part of an entity's net investment in a subsidiary with foreign operations. The same accounting treatment of reclassification applied on the subsidiary disposal.

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 are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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 reporting 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 income statement.

2.1.8 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized. 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, in the group statement of financial position are disclosed in acquisition cost values 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 life as well as the collecting cost. In case of the respective contracts renewal 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 less costs of disposal 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

2.1.9 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.

2.1.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less provisions for depreciation and impairment.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under tangible assets up to the date of change in use.

2.1.11 Intangible assets

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

Central operating systems used for several projects are amortized over their expected useful life, up to 20 years. The expected useful life is determined by reference to the longest duration of the relevant contracts and the Intralot Group's renewal track record in respect of such contract. Software that does not fall within the scope of particular contracts, is amortized at the expected useful life.

Amortization of finite life intangibles is recognized as an expense in the income statement 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 income statement in the year they are incurred.

The carrying values of intangible assets 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 intangible assets or cash-generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal 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 intangible asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators. For an intangible asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the intangible asset belongs. Impairment losses are recognized in the income statement.

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 income statement when the asset is derecognized.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred by 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.

2.1.12 Financial instruments

i) Financial assets

Financial assets within the scope of IAS 39 are classified according to their nature and characteristics in the below 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 income statement 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 income statement 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 income statement 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 instruments and debt instruments. Equity instruments 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 instruments 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 income statement 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 (s) 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 amortized cost

For financial assets carried at amortized 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 instruments 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 mainly 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 income statement, 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 income statement 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 income statement 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 income statement as finance income/expenses.
Amounts recognized as other comprehensive income are transferred to the income statement 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 income statement. 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 income statement.

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 income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in other comprehensive income is transferred to the income statement.

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 income statement.

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 income statement 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, 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 income statement.

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 not exists 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 income statement.

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.

2.1.13 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 income statement.

2.1.14 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 the future periods, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

2.1.15 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position include cash at bank, short-term deposits and cash in 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 reporting 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.

2.1.16 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.

2.1.17 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 income statement 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.

2.1.18 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 charged directly to the income statement. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

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 income statement during the lease using the net investment method, which represents a constant periodic return.

2.1.19 Share capital – Treasury shares

Share capital includes common and preference shares without voting right, which have been issued and 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 income statement. The consideration given or received and the related gains or losses from the settlement are recognized directly in Equity.

2.1.20 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 income statement, 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 included in note 2.26.

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

2.1.21 Staff Retirement Indemnities

Staff retirement indemnities are measured at the present value of the defined benefit obligations at the reporting 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 pension costs for the period are included 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 and any other additional pension costs that are recognised within staff costs in income statement, and the actuarial gains or losses that are fully recognized when they occur, in other comprehensive income without future reclassification in income statement. Total past service costs are recognized in income statement at the earlier of when the amendment occurs or when the Group recognizes the related restructuring or termination costs. The Company's pension benefit schemes are not funded.

2.1.22 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.

2.1.23 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 income statement 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, etc). Revenue recognition in this category occurs the moment that the player-customer pays the related consideration in order to participate in a game and equals 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 income statement using the effective interest rate method.
- ***Dividends:*** Dividend income is recognized in the income statement 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.

2.1.24 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 reporting 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 reporting 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 reporting 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 income statement.

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.

2.1.25 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is presented in the statement of financial position as deferred income and is recognised as deduction in the relative expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is presented in the statement of financial position as deferred income and is recognised as income in the profit or loss on a systematic basis over the expected useful life of the related asset.

2.1.26 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, taking into account 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).

2.1.27 EBITDA & EBIT

International Financial Reporting Standards (IFRS) do not define the content of the "EBITDA" & "EBIT". The Group taking into account the nature of its activities, as well as the Decision 6/448/11.10.2007 of the BoD of Hellenic Capital Market Commission and the relative Circular no.34 defines "EBITDA" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and related income", "Interest and similar expenses", "Income/(expenses) from participations and investments", "Write-off and impairment loss of assets", "Gain/(loss) from assets disposal" and "Assets depreciation and amortization". Also, the Group defines "EBIT" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and related income", "Interest and similar expenses", "Income/(expenses) from participations and investments" ,"Write-off and impairment loss of assets" and "Gain/(loss) from assets disposal".

Reconciliation of operating profit before tax to EBIT and EBITDA:	GROUP 1/1-31/12/16	 1/1-31/12/15
Operating profit/(loss) before tax	**4.753**	**47.893**
Profit/(loss) equity method consolidation	4.574	4.063
Exchange differences	-3.128	-3.548
Interest and related income	-11.786	-17.891
Interest and similar charges	87.489	67.808
Income / (expenses) from investments and securities	17.465	231
Gain / (loss) from assets disposal, impairment losses & write-off of assets	8.568	734
EBIT	**107.935**	**99.290**
Depreciation and amortization	67.904	65.602
EBITDA	**175.839**	**164.892**

Reconciliation of operating profit before tax to EBIT and EBITDA:	COMPANY 1/1-31/12/16	 1/1-31/12/15
Operating profit/(loss) before tax	**9.410**	**2.424**
Exchange differences	542	-2.556
Interest and related income	-3.636	-6.969
Interest and similar charges	19.878	24.842
Income / (expenses) from investments and securities	-45.921	17.836
Gain / (loss) from assets disposal, impairment losses & write-off of assets	7.667	-6
EBIT	**-12.060**	**35.571**
Depreciation and amortization	11.565	10.158
EBITDA	**-495**	**45.729**

2.1.28 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets liabilities and disclosures of contingent liabilities that included in the financial statements. On an ongoing basis, management evaluates its judgements, estimates and assumptions that mainly refer to goodwill impairment, allowance for doubtful receivables, provision for staff retirement indemnities, provision for impairment of inventories value, impairment of tangible and intangible assets as well as estimation of their useful lives, recognition of revenue and expenses, pending legal cases, provision for income tax and recoverability of deferred tax assets. These judgements, estimates and assumptions are based on historical experience and other factors including expectations of future events that are considered reasonable under the circumstances.

The key judgements, estimates and assumptions concerning the future and other key sources of uncertainty at the reporting date and have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the below:

Goodwill, tangible and intangible assets impairment

Management tests goodwill for impairment annually (as at 31 December) or more frequently if events occur or changes in circumstances indicate that the carrying value may be reduced in accordance with accounting policy described in note 2.15. The recoverable amounts of cash generating units (CGU) have been determined based on "value in use" calculations using appropriate estimates regarding future cash flows and discount rates. The determination of value in use is obtained by the present value of estimated future cash flows, as expected to be generated by each CGU (discounted cash flow method - DCF). The cash flows are derived from the most recent approved by the administration budgets for the next three years and does not include any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance, which is tested for impairment. The expected cash flow projections beyond the period covered by the most recent budgets, estimated by extrapolating the projections based on the budgets using a steady or declining growth rate for subsequent years, which does not exceed the long-term average growth rate for products, industries, countries in which the Group operates, or for the market in which the asset is used. The Group makes estimates and beyond the period of five years where has signed revenue contracts beyond five years as well as in cases where management believes that based on market data and historical renewals track record of the Group, it is very possible to renew relevant contracts beyond this period. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset, giving greater weight to external evidence. Management assesses the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past cash flow projections and actual cash flows. Management also ensures that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes, provided that effects of subsequent events or circumstances, that did not exist when those actual cash flows were generated, make this appropriate. Further details are provided in note 2.15.

The carrying values of tangible and intangible assets are reassessed for possible need for impairment whenever events or circumstances indicate that the value reported on may not be recovered in accordance with the accounting principle described in the notes 2.1.8 and 2.1.11.

Income Tax Provision

The companies of the Group are subject to income taxes in numerous jurisdictions. The provision for income taxes in accordance with IAS 12 "Income Taxes" refers to the amounts expected to be paid to the tax authorities and includes provision for current income taxes and the provision for any additional taxes that may arise as a result of the audit of the tax authorities. The provision for income tax of the Group for numerous transactions require significant subjective judgment, making tax exact calculation uncertain during the ordinary course of business of the Group. The estimate may differ from the final tax due to future changes in tax legislation or to unforeseen effects of the final determination of the tax liability for each year from the tax authorities. Where the final tax resulting from tax audits differ from the amounts that were initially assessed and recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination of tax differences occurred. Further details are provided in notes 2.11 and 2.32B.

Deferred Tax Assets

Deferred tax assets and liabilities are recognized on temporary differences between the accounting basis and the tax basis of assets and liabilities using the tax rates that have been enacted and are expected to apply in the periods when the differences are expected to be eliminated. Deferred tax assets are recognized for the deductible temporary differences and tax losses carried forward to the extent that it is probable that there will be taxable income available to be used against which the deductible temporary differences and the carry forward of unused tax losses. The Group considers the existence of future taxable income and ongoing follow a conservative tax planning strategies in assessing the recoverability of deferred tax assets. The determination of future taxable income is made through the systematic process of budgeting, at the parent company level as well as at the level of subsidiaries, which are mainly based on already signed long-term revenue contracts. Almost all of the Group's revenue (parent and subsidiaries) derives from long-term contracts signed making the risk of discrepancies between budgeted and actual revenue as low, something that applies to the costs that usually are in a proportion relationship with the revenue of the related contracts. In any case there is a system of monitoring for the verification of these budgets and conducting relevant adjustments, resulting in the safe keeping of any final discrepancies at low levels. The accounting estimates related to deferred tax assets requires management to make assumptions about the timing of future events, the probability of expected future taxable income and available tax planning possibilities. Further details are provided in note 2.11.

Allowance for doubtful receivables

The Group impairs the value of receivables when there is evidence or indications which show that the recovery of the receivables in whole or in part is unlikely. The Group's Management periodically reassesses the adequacy of the allowance for doubtful accounts based on factors such as the credit policy, reports from the legal department for recent developments in cases handled by this, and its estimation of the influence of other factors related to the collectability requirements. Further details are provided in notes 2.18 and 2.19.

Provision for staff retirement indemnities

Liabilities for retirement benefits are calculated using actuarial methods that require management to assess specific parameters such as discount rates, future growth rates of employee wages, the future rate of employees' retirement and other factors such as the inflation rate. The Group's management estimates in the best possible way these parameters on an annual basis, for the relevant actuarial study.

Estimation of assets useful life

The Group reassesses at each year end and, when appropriate, prospectively adjusts useful lives of tangible and intangible assets that were recognized either through acquisition or business combination. These estimates take into account new data and current market conditions. Further details are provided in notes 2.1.8, 2.1.10, 2.1.11, 2.14 and 2.15.

Contingent liabilities

The Group reviews the status of each significant legal case on a periodic basis and assesses the potential risk, based partly on the view of legal department. If the potential loss from any litigation and legal matters is considered probable and the amount can be reliably estimated, the Group recognizes a liability for the estimated loss. In order to determine the probability and whether the risk can be estimated reliably, a considerable degree of judgment of management is required. When additional information becomes available, the Group reassesses the potential liability related to pending litigation and legal proceedings, and estimates for the probability of an unfavorable outcome and an assessment of potential loss may be revised. Such revisions in the estimates of the potential liability could have a material effect on the financial position and income statement of the Group. Further details are provided in note 2.32.A.

Provision for impairment of inventories value

The Group recognizes inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Provisions for impairment of inventories are formed when necessary and recognized in the income statement.

Consolidation of subsidiaries in which the Group holds less than a majority of voting right (de facto control)

The Group estimates that controls the subsidiaries Supreme Ventures LTD, Inteltek Internet AS, Eurofootball LTD, Eurobet LTD και DC09 LLC, even though it holds less than 50% of the voting rights, since the conditions of IFRS 10 are met. Specifically, the control of Supreme Ventures LTD based on the fact that the Group is the largest shareholder with a stake of 49.90%, while the remainder of the shares of Supreme Ventures LTD is widely held in many other shareholders and since the acquisition date of Supreme Ventures LTD there is no history of the other shareholders collaborating to exercise their votes collectively or outvote the Group's proposals. Also, for the subsidiaries Inteltek Internet AS, Eurofootball LTD, Eurobet LTD and DC09 LLC, in which the Group holds 45%, 49%, 49% and 49% respectively of the voting rights, the control is based on the fact that the Group has signed agreements with other shareholders under which the Group has the ability to direct the business decisions of these subsidiaries.

Business combination

Group when acquiring a company performs the necessary estimates in determining the fair value and the useful life of the acquired tangible and intangible assets. Future events could cause changes in the assumptions used in determining fair value with a corresponding effect on the results and equity of the Group. Further details are provided in note 2.1.6.a.

2.2 INFORMATION PER SEGMENT

Intralot Group is active in 55 countries and states, 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, Germany, Slovakia and Republic of Ireland.
Other Europe:	Russia, Moldova and Croatia.
America:	USA, Peru, Brazil, Argentina, Mexico, Jamaica, Chile, Colombia, Guatemala, Dominican Republic, Suriname, Uruguay, Curacao 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 Group applies the same accounting policies for the financial results of the above segments as 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 group level and are included in the column "Eliminations".

1/1-31/12/2016

(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	527,04	4,33	540,34	251,88	0,00	1.323,59
Intragroup sales	66,30	0,00	0,85	0,02	-67,17	0,00
Total Sales	**593,34**	**4,33**	**541,19**	**251,90**	**-67,17**	**1.323,59**
(Debit)/Credit interest & similar (expenses)/income	-77,83	-0,41	-4,42	3,95	3,01	-75,70
Depreciation/Amortization	-35,72	-1,52	-24,11	-10,56	4,01	-67,90
Profit/(loss) consolidated with equity method	-0,58	0,00	-1,04	-2,95	0,00	-4,57
Write-off & impairment of assets	-7,67	0,00	-0,05	-0,15	0,00	-7,87
Write-off & impairment of investments	-55,81	0,00	-0,01	0,00	45,42	-10,40
Doubtful provisions, write-off & impairment of receivables	-26,85	0,00	-1,44	-0,53	20,09	-8,73
Reversal of doubtful provisions & recovery of written off receivables	21,37	0,00	1,60	0,34	-15,67	7,64
Profit/(Loss) before tax and continuing operations	**-54,71**	**-1,38**	**32,84**	**72,68**	**-44,68**	**4,75**
Tax	-1,83	-0,82	-7,91	-21,95	0,00	-32,51
Profit/(Loss) after tax from continuing operations	**-56,54**	**-2,20**	**24,93**	**50,73**	**-44,68**	**-27,76**
Profit/(Loss) after tax from discontinued operations	-15,99	-14,99	2,63	0,00	100,97	72,62
Profit/(Loss) after tax from total operations	**-72,53**	**-17,19**	**27,56**	**50,73**	**56,29**	**44,86**

1/1-31/12/2015

(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	382,49	5,21	555,67	292,10	0,00	1.235,47
Intragroup sales	68,44	0,00	0,49	0,03	-68,96	0,00
Total Sales	**450,93**	**5,21**	**556,16**	**292,13**	**-68,96**	**1.235,47**
(Debit)/Credit interest & similar (expenses)/income	-53,83	-0,42	-3,48	8,41	-0,60	-49,92
Depreciation/Amortization	-33,14	-0,60	-26,20	-9,43	3,77	-65,60
Profit/(loss) consolidated with equity method	-0,44	0,00	0,00	-3,62	0,00	-4,06
Write-off & impairment of assets	-0,16	0,00	-1,42	0,00	0,00	-1,58
Write-off & impairment of investments	-36,66	0,00	0,00	0,00	36,66	0,00
Doubtful provisions, write-off & impairment of receivables	-9,53	0,00	-0,69	-0,61	9,41	-1,42
Reversal of doubtful provisions & recovery of written off receivables	37,37	0,00	0,08	0,00	-37,36	0,09
Profit/(Loss) before tax and continuing operations	**28,90**	**1,73**	**14,01**	**68,98**	**-65,73**	**47,89**
Tax	-14,47	0,16	-9,84	-20,98	0,00	-45,13
Profit/(Loss) after tax from continuing operations	**14,43**	**1,89**	**4,17**	**48,00**	**-65,73**	**2,76**
Profit/(Loss) after tax from discontinued operations	-26,97	-1,33	1,58	0,00	3,28	-23,44
Profit/(Loss) after tax from total operations	**-12,54**	**0,56**	**5,75**	**48,00**	**-62,45**	**-20,68**

Sales per business activity (continuing operations)			
(in thousand €)	31/12/2016	31/12/2015	Change
Licensed operations	994.577	940.275	5,78%
Management contracts	115.726	98.853	17,07%
Technology and support services	213.289	196.338	8,63%
Total	**1.323.592**	**1.235.466**	**7,13%**

The sales of the above business activities are coming from all geographical segments

2.3 STAFF COSTS

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Salaries	87.268	86.416	16.391	16.240
Social security contributions	12.577	12.891	3.358	3.455
Staff retirement indemnities provision (Note 2.25)	1.225	1.837	967	1.473
Other staff costs	12.417	10.802	984	737
Total	**113.487**	**111.946**	**21.700**	**21.905**

Salaries & Social security contributions per cost center December 31, 2016
(continuing operations)

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	42.239	10.318	33.189	1.522	87.268
Social security contributions	6.257	1.817	4.146	357	12.577
Staff retir. & other costs	7.526	1.587	4.265	264	13.642
Total	**56.022**	**13.722**	**41.600**	**2.143**	**113.487**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	3.422	4.053	7.468	1.448	16.391
Social security contributions	832	898	1.271	357	3.358
Staff retir. & other costs	939	296	452	264	1.951
Total	**5.193**	**5.247**	**9.191**	**2.069**	**21.700**

Salaries & Social security contributions per cost center December 31, 2015
(continuing operations)

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	41.891	10.624	31.909	1.992	86.416
Social security contributions	6.422	1.852	4.114	503	12.891
Staff retir. & other costs	6.254	1.364	4.640	381	12.639
Total	**54.567**	**13.840**	**40.663**	**2.876**	**111.946**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	3.902	4.072	6.348	1.918	16.240
Social security contributions	1.057	876	1.019	503	3.455
Staff retir. & other costs	732	455	642	381	2.210
Total	**5.691**	**5.403**	**8.009**	**2.802**	**21.905**

The number of employees of the Group at the end of the current period amounted to 5.293 persons (3.449 subsidiaries and associates 1.844) and the Company's 689 persons. As at 31/12/2015 the number of employees of the Group was 5.080 persons (subsidiaries 4.963 and associates 117) and the Company's 660 persons.

2.4 DEPRECIATION AND AMORTIZATION

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

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Depreciation of tangible fixed assets (Note 2.13)	39.430	39.515	1.718	1.124
Amortization of intangible assets (Note 2.15)	28.157	26.017	9.847	9.034
Depreciation of investment property (Note 2.14)	317	70	0	0
Total	**67.904**	**65.602**	**11.565**	**10.158**

Depreciation and amortization per cost center 31/12/2016 (continuing operations)					
	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Group	53.617	1.577	11.438	1.272	**67.904**
Company	6.940	1.388	1.965	1.272	**11.565**

Depreciation and amortization per cost center 31/12/2015 (continuing operations)					
	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Group	51.537	1.485	11.462	1.118	**65.602**
Company	6.096	1.218	1.726	1.118	**10.158**

2.5 EXPENSES BY NATURE

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Personnel Costs (Note 2.3)	113.487	111.946	21.700	21.905
Depreciation & amortization (Note 2.4)	67.904	65.602	11.565	10.158
Change in inventories	8.104	10.152	9.576	12.007
Winners payout, game taxes and agent commissions	798.709	726.957	0	0
Consumables	10.218	10.222	0	0
Third party fees-benefits	98.304	85.889	18.672	18.420
Other expenses	142.124	143.334	13.737	13.147
Total	**1.238.850**	**1.154.102**	**75.250**	**75.637**

2.6 INCOME / (EXPENSES) FROM PARTICIPATIONS AND INVESTMENTS

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Income from dividends	1.025	1.819	13.418	18.376
Gain from sale of participations and investments	338	1.314	37.711	0
Other income from participations and investments	0	0	0	0
Total income from participations and investments	**1.363**	**3.133**	**51.129**	**18.376**
Loss from sale of participations and investments	-3.634	-3.364	-129	0
Loss from impairment / write-offs of participations and investments[1]	-15.194	0	-5.079	-36.212
Total expenses from participations and investments	**-18.828**	**-3.364**	**-5.208**	**-36.212**
Net result from participations and investments	**-17.465**	**-231**	**45.921**	**-17.836**

[1] Included are provisions concerning an estimate of reduction of recoverable value of loans to joint venture amounting € 4,8 million.

2.7 GAIN/(LOSSES) FROM ASSETS DISPOSAL, IMPAIRMENT LOSSES & WRITE-OFF OF ASSETS

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Gain from disposal of tangible and intangible assets	229	1.208	5	6
Loss from disposal of tangible and intangible assets	-1.672	-362	0	0
Loss from impairment and write-off of tangible and intangible assets	-7.869	-1.580	-7.672	0
Gain from reversal of impairment of tangible and intangible assets	744	0	0	0
Net result from tangible and intangible assets	**-8.568**	**-734**	**-7.667**	**6**

2.8 IMPAIRMENT, WRITE OFF AND PROVISIONS FOR DOUBTFUL DEBTS

Included in other operating expenses:

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Provisions for doubtful receivables from subsidiaries	0	0	10.600	4.065
Provisions for doubtful receivables from debtors	3.968	1.380	575	0
Provisions for doubtful receivables from joint venture	4.348	0	4.348	0
Receivables write off from subsidiaries	0	0	1.338	0
Receivables write off from debtors	415	32	0	0
Receivables write off from associates	0	4	0	0
Receivables write off from other related parties	3	0	0	0
Total	**8.734**	**1.416**	**16.861**	**4.065**

2.9 INTEREST AND SIMILAR EXPENSES / INTEREST AND SIMILAR INCOME

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Interest Expense[1]	-80.008	-61.572	-19.540	-23.970
Losses on derivatives	0	0	0	0
Finance costs	-5.582	-6.206	-338	-872
Discounting	-1.899	-30	0	0
Total interest and similar expenses	**-87.489**	**-67.808**	**-19.878**	**-24.842**
Interest Income	10.162	17.163	3.636	6.969
Gains on derivatives	0	0	0	0
Discounting	1.624	728	0	0
Total interest and similar income	**11.786**	**17.891**	**3.636**	**6.969**
Net interest and similar income / (expenses)	**-75.703**	**-49.917**	**-16.242**	**-17.873**

[1] Included amortized costs, expenses and bank institutions fees related to issuance of bond and syndicated facilities, as well as bond redemption costs.

2.10 EXCHANGE DIFFERENCES

The Group reported in the Income Statement of 2016 gain from «Exchange differences» amounting to €3.128 thousand (2015: gain €3.548 thousand) mainly from valuation of commercial and borrowing liabilities (intercompany and non) in EUR that various subsidiaries abroad, with a different functional currency than the Group, had at 31/12/2016 as well as from valuation of trade receivables (from third parties and associates) in USD of the Company on 31/12/2016.

2.11 INCOME TAXES

GROUP (continuing operations)	1/1-31/12/2016	1/1-31/12/2015
Current income tax	25.396	32.871
Deferred income tax	1.134	2.007
Tax audit differences and other taxes non-deductible	382	10.249
Provisions for unaudited fiscal years	5.600	0
Total income tax expense reported in income statement	**32.512**	**45.127**

The income tax expense for the Company was calculated to 29% on the taxable profit of the periods 1/1-31/12/2016 and 1/1-31/12/2015.

COMPANY	1/1-31/12/2016	1/1-31/12/2015
Current income tax	6.037	607
Deferred income tax	-138	1.010
Tax audit differences and other taxes non-deductible	-1.649	4.437
Provisions for unaudited fiscal years	5.600	0
Total income tax expense reported in income statement	**9.850**	**6.054**

Income tax attributable to the Group's profit differs from the amount that would arise by applying the nominal tax rate applicable at the domicile of the Parent Company, as follows:

(continuing operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Profit before income taxes	**4.753**	**47.893**	**9.410**	**2.424**
Income taxes based on the statutory income tax rate of the Parent 29% (2015: 29%)	1.378	13.889	2.729	703
Adjustments to income taxes related to:				
Adjustments in previous periods provisions	39	614	0	0
Tax effect of non-deductible tax expenses	40.315	24.471	7.928	16.147
Tax effect of transferred losses, for which deferred tax asset was not recognized	6.468	9.843	-463	-4.867
Tax effect of tax free reserves	0	4	0	0
Tax effect of non-taxable profits	-7.258	-2.899	-4.156	-11.062
Tax effect of foreign subsidiaries' profits that are taxable at different tax rates	-12.563	-12.197	0	0
Other taxes non-deductible	-84	8.092	-1.042	4.437
Deferred tax effect due to tax rate change	317	1.324	0	0
Tax effect of losses for which deferred tax asset was recognized	-2.165	-170	-139	696
Income tax of previous years after tax audit	465	2.156	-607	0
Provision for additional taxes from future tax audits	5.600	0	5.600	0
Income taxes reported in the income statement	**32.512**	**45.127**	**9.850**	**6.054**

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net deferred tax asset at beginning of the year	**-7.027**	**-5.705**	**-6.700**	**-5.599**
(Debit)/Credit to income statement (continuing operations)	-1.134	-2.007	138	-1.010
(Debit)/Credit to income statement (discontinued operations)	216	590	0	0
Exchange difference	374	183	0	0
Non-consolidated entity due to liquidation/disposal	-1.788	0	0	0
Deferred tax on other comprehensive income	73	-88	14	-91
Net deferred tax asset at end of the fiscal year	**-9.286**	**-7.027**	**-6.548**	**-6.700**

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

31/12/2016	GROUP		COMPANY	
	Assets	Liabilities	Assets	Liabilities
Tax losses carried forward	5.825	0	0	0
Inventories–intercompany profit	53	0	0	0
Financial assets	550	-2	512	0
Long term receivables	36	-1.057	0	0
Provisions	1.766	177	985	0
Tangible assets	-3.334	2.253	0	-5
Investment properties	121	0	0	0
Intangibles assets	126	-13.681	0	-5.650
Short term receivables	1.224	-2.443	0	-2.390
Accrued expenses	55	-182	0	0
Long term liabilities	89	-302	0	0
Short term liabilities	239	-622	0	0
Short term loans	0	-177	0	0
Total	**6.750**	**-16.036**	**1.497**	**-8.045**

1/1/2016 – 31/12/2016	**Income Statement**	
Deferred income tax	GROUP	COMPANY
Prior years' tax losses utilized	2.952	0
Subsidiaries' tax losses carried forward	-2.789	0
Accrued expenses	70	20
Tangible assets	-61	-14
Investment properties	148	0
Intangible assets	670	473
Financial assets	-508	-510
Short term receivables	-1.810	-525
Long Term receivables	537	0
Inventories–impairment	519	508
Short term provisions	-490	0
Short term liabilities	1.492	-107
Long term liabilities	188	17
Discontinued operations	216	0
Deferred Tax (income) / expense	**1.134**	**-138**

On 31/12/2016 the most significant Group's subsidiaries (excluding Company) had accumulated tax losses amounting to about €220,3 million and had recognized a deferred tax asset of €5,8 million (2015: €6,0 million) attributable to tax losses amounting to €22,4 million. For the remaining tax losses amounting to €197,9 million there was no deferred tax asset recognized on 31/12/2016 since the recognition criteria under IAS 12 as described in notes 2.1.24 and 2.1.28 were not met. Of the above total accumulated tax losses amount of €94,5 million can be transferred up to the periods 2017-2021, amount of €58,9 million until the periods 2022-2037 and finally an amount of €66,9 million has no time limit.

Also on 31/12/2016 the Company did not have accumulated tax losses and had not recognized deferred tax asset.

31/12/2015	GROUP		COMPANY	
	Assets	Liabilities	Assets	Liabilities
Tax losses carried forward	6.013	0	0	0
Inventories–intercompany profit	577	0	508	0
Financial assets	40	0	1	0
Long term receivables	0	-369	0	0
Provisions	2.211	-568	989	0
Tangible assets	-1.984	455	0	-19
Investment properties	282	0	0	0
Intangibles assets	117	-13.004	0	-5.177
Short term receivables	37	-3.179	0	-2.916
Accrued expenses	185	1.417	20	0
Long term liabilities	97	-423	0	0
Short term liabilities	937	-83	0	-106
Short term loans	603	-388	0	0
Total	**9.115**	**-16.142**	**1.518**	**-8.218**

1/1/2015 – 31/12/2015	Income Statement	
Deferred income tax (continuing operations)	GROUP	COMPANY
Prior years' tax losses utilized	641	0
Subsidiaries' tax losses carried forward	-849	0
Accrued expenses	-137	-38
Tangible assets	-31	-23
Investment property	-284	0
Intangible assets	1.760	1.054
Financial assets	17	-1
Short term receivables	1.421	1.659
Long term receivables	668	0
Inventories– impairment	-791	-843
Short term provisions	-1.489	-1.448
Short term liabilities	352	664
Long term liabilities	139	-14
Discontinued operations	590	0
Deferred Tax (income) / expense	**2.007**	**1.010**

2.12 EARNINGS / (LOSSES) PER SHARE

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

Basic earnings / (loss) per share (EPS) are calculated by dividing net income / (loss) for the period attributable to equity holders of the parent by the weighted average number of common shares outstanding during the period, taking into account the average number of ordinary shares acquired by the Group as treasury shares.

(total operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net profit / (loss) attributable to shareholders of the parent company	**930**	**-65.148**	**-440**	**-3.630**
Weighted average number of shares	158.490.975	158.490.975	158.490.975	158.490.975
Less: Weighted average number of treasury shares	312.257	0	312.257	0
Weighted average number of shares outstanding	**158.178.718**	**158.490.975**	**158.178.718**	**158.490.975**
Basic earnings / (losses) per share (EPS) (in euro)	**€0,0059**	**€-0,4111**	**€-0,0028**	**€-0,0229**

Diluted earnings / (loss) per share is calculated by dividing net income / (loss) for the period attributable to equity holders of the parent by the weighted average number of shares outstanding during the period (adjusted for the effect of the average stock option plans outstanding during the period). During 2016 the Group had no stock option plan in effect.

(total operations)	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Weighted average number of shares outstanding (for basic EPS)	158.178.718	158.490.975	158.178.718	158.490.975
Effect of potential exercise of options (weighted average number for the period)	0	0	0	0
Weighted average number of shares outstanding (for diluted EPS)	**158.178.718**	**158.490.975**	**158.178.718**	**158.490.975**
Diluted earnings / (losses) per share (EPS) (in euro)	**€0,0059**	**€-0,4111**	**€-0,0028**	**€-0,0229**

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 the share options, is not significant.

2.13 TANGIBLE FIXED ASSETS

GROUP	LAND	BUILDINGS AND INST ALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	ASSETS UNDER CONSTRUCTION	OTHER TANGIBLE ASSETS	TOTAL
1 January 2016								
Cost	7.374	25.343	344.557	4.845	133.857	4.549	5.102	525.627
Accumulated depreciation	0	-12.112	-228.998	-3.053	-112.796	0	-2.223	-359.182
Net Book value 1 January 2016	**7.374**	**13.231**	**115.559**	**1.792**	**21.061**	**4.549**	**2.879**	**166.445**
COST								
Additions of the period	0	828	24.832	481	3.962	1.707	823	32.633
Transfer of assets from (to) other category	0	32	2.292	0	74	-2.398	0	0
Transfer from (to) inventories and intangible assets	0	-2	3	0	5.563	-238	-3	5.323
Additions due to acquisition of subsidiaries	0	0	5.875	158	202	0	36	6.271
Disposal of subsidiaries/change in consolidation method	-432	-2.652	-45.906	-689	-31.721	0	-3.014	-84.414
Disposals	-3.662	0	-261	-284	-126	-73	0	-4.406
Impairment/ write off	0	-865	-5.025	-110	-11.438	78	-104	-17.464
Exchange differences	1	200	5.688	-35	-357	-215	-39	5.243
ACCUMULATED DEPRECIATION								
Depreciation of the period	0	-1.596	-38.021	-600	-5.469	0	-648	-46.334
Disposals	0	0	-20	197	87	0	0	264
Impairment / write-off	-1.200	62	4.642	74	5.966	0	104	9.648
Additions due to acquisition of subsidiaries	0	0	-3.016	-135	-94	0	-26	-3.271
Exchange differences	0	-136	-3.529	17	297	0	12	-3.339
Transfer from (to) inventories and intangible assets	0	0	4	2	5	0	-1	10
Disposal of subsidiaries/change in consolidation method	0	737	32.461	338	25.396	0	1.421	60.353
Net book value 31 December 2016	**2.081**	**9.839**	**95.578**	**1.206**	**13.408**	**3.410**	**1.440**	**126.962**
Cost	3.281	22.884	332.055	4.366	100.016	3.410	2.801	468.813
Accumulated depreciation	-1.200	-13.045	-236.477	-3.160	-86.608	0	-1.361	-341.851
Net Book value 31 December 2016	**2.081**	**9.839**	**95.578**	**1.206**	**13.408**	**3.410**	**1.440**	**126.962**

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amounting to €7.800 thousand (discontinued operations €16 thousand) during the period 1/1-31/12/2016 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.7). The largest portion, amounting to €7,7 million regards impairment loss of building and plot (€1,6 million) and loss from write off of buildings and machinery (€6,1 million) of the Company.

The net book value of tangible assets held by finance lease was on 31/12/2016 €6.201 thousand (Buildings & Installations €4 thousand, Machinery & Equipment €6.109 thousand, Transport Equipment €87 thousand and Furniture & fixtures €1 thousand).

GROUP	LAND	BUILDINGS AND INST ALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	ASSETS UNDER CONSTRUCTION	OTHER TANGIBLE ASSETS	TOTAL
1 January 2015								
Cost	8.239	29.248	333.482	4.752	123.003	2.727	5.030	506.481
Accumulated depreciation	0	-11.709	-199.734	-3.073	-107.055	0	-2.116	-323.687
Net Book value 1 January 2015	**8.239**	**17.539**	**133.748**	**1.679**	**15.948**	**2.727**	**2.914**	**182.794**
COST								
Additions of the period	0	3.173	19.344	858	5.173	3.435	1.301	33.284
Transfer of assets from (to) other category	0	-733	685	21	1.094	-1.066	-1	0
Transfer from (to) inventories and intangible assets	0	-34	-2.219	0	6.423	242	0	4.412
Transfer to investment properties (note 2.14)	-929	-6.765	0	0	0	0	0	-7.694
Disposals	0	-417	-10.305	-442	-744	-47	-628	-12.583
Impairment / write-off	0	-350	-4.798	-187	-389	-70	-279	-6.073
Exchange differences	64	1.221	8.368	-157	-703	-672	-321	7.800
ACCUMULATED DEPRECIATION								
Depreciation of the period	0	-1.797	-39.146	-624	-7.299	0	-811	-49.677
Disposal	0	371	8.579	432	659	0	530	10.571
Impairment / Write-off	0	96	4.311	123	317	0	110	4.957
Exchange differences	0	-315	-5.434	89	568	0	63	-5.029
Transfer of assets from (to) other categories	0	-1	37	0	-37	0	1	0
Transfer from (to) inventories and intangible assets	0	4	2.389	0	51	0	0	2.444
Transfer to investment properties (note 2.14)	0	1.239	0	0	0	0	0	1.239
Net book value 31 December 2015	**7.374**	**13.231**	**115.559**	**1.792**	**21.061**	**4.549**	**2.879**	**166.445**
Cost	7.374	25.343	344.557	4.845	133.857	4.549	5.102	525.627
Accumulated Depreciation	0	-12.112	-228.998	-3.053	-112.796	0	-2.223	-359.182
Net book value 31 December 2015	**7.374**	**13.231**	**115.559**	**1.792**	**21.061**	**4.549**	**2.879**	**166.445**

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amounting to €756 thousand (discontinued operations €359 thousand) during the period 1/1-31/12/2015 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.7). The largest portion, amounting to €0,6 million regards impairment loss on assets of a subsidiary in Jamaica.
The net book value of tangible assets held by finance lease was on 31/12/2015 €15.658 thousand. (Buildings & Installations €5 thousand, Machinery & Equipment €13.401 thousand, Transport Equipment €88 thousand and Furniture & fixtures €2.164 thousand).

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
1 January 2016						
Cost	3.030	7.962	1	940	82.645	94.578
Accumulated depreciation	0	-3.037	-1	-497	-73.705	-77.240
Net Book value 1 January 2016	**3.030**	**4.925**	**0**	**443**	**8.940**	**17.338**
COST						
Additions of the period	0	185	0	0	1.594	1.779
Transfer from (to) inventories and tangible assets	0	0	0	0	5.671	5.671
Disposals	0	0	0	-20	0	-20
Impairment / write-off	0	-791	0	0	-6.696	-7.487
ACCUMULATED DEPRECIATION						
Depreciation of the period	0	-288	0	-147	-1.283	-1.718
Disposals	0	0	0	13	0	13
Impairment / write-off	-1.200	0	0	0	1.015	-185
Net Book value 31 December 2016	**1.830**	**4.031**	**0**	**289**	**9.241**	**15.391**
Cost	3.030	7.356	1	920	83.214	94.521
Accumulated depreciation	-1.200	-3.325	-1	-631	-73.973	-79.130
Net Book value 31 December 2016	**1.830**	**4.031**	**0**	**289**	**9.241**	**15.391**

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
1 January 2015						
Cost	3.030	5.612	1	735	75.041	84.419
Accumulated depreciation	0	-2.791	-1	-465	-73.161	-76.418
Net Book value 1 January 2015	**3.030**	**2.821**	**0**	**270**	**1.880**	**8.001**
COST						
Additions of the period	0	2.350	0	308	1.373	4.031
Transfer from (to) inventories and tangible assets	0	0	0	0	6.430	6.430
Disposals	0	0	0	-103	-4	-107
Impairment / write-off	0	0	0	0	-195	-195
ACCUMULATED DEPRECIATION						
Depreciation of the period	0	-246	0	-135	-743	-1.124
Disposals	0	0	0	103	4	107
Impairment / write-off	0	0	0	0	195	195
Net Book value 31 December 2015	**3.030**	**4.925**	**0**	**443**	**8.940**	**17.338**
Cost	3.030	7.962	1	940	82.645	94.578
Accumulated depreciation	0	-3.037	-1	-497	-73.705	-77.240
Net Book value 31 December 2015	**3.030**	**4.925**	**0**	**443**	**8.940**	**17.338**

2.14 INVESTMENT PROPERTIES

Investment properties of the Group comprising land and buildings in Jamaica are held for long-term rental yields and are not occupied by the Group. The buildings are depreciated on the straight line basis over their expected useful lives of 20 years.

GROUP	INVESTMENT PROPERTIES
1 January 2016	
Cost	7.892
Accumulated depreciation	-2.087
Net Book value 1 January 2016	**5.805**
COST	
Exchange differences	-277
ACCUMULATED DEPRECIATION	
Depreciation of the period	-317
Reversal of impairment of previous fiscal years	744
Exchange differences	83
Net Book value 31 December 2016	**6.038**
Cost	7.615
Accumulated depreciation	-1.577
Net Book value 31 December 2016	**6.038**

Investment properties in Jamaica were valued by independent valuers "Allison Pitter & Co" (2015: "George Gregg & Co") on December 31, 2016, on the basis of open market value using the income approach. The fair value of investment properties is estimated at €6,1 million (2015: €5,8 million) and was categorized as level 3 in the fair value hierarchy.

The Group has leased its investment property to Exodus Gaming and Entertainment Limited (Exodus) for an initial period of 15 years with an option to renew the lease for a further 15 years. Exodus also has the option to purchase the property at any time after the fifth anniversary of the commencement date at a price to be agreed between Exodus and the Group within 60 days of the option notice being served. If no agreement is reached within the stipulated time, then the price will be the higher of USD 4,5 million, or the fair value on the date of the option notice, as determined by an independent valuator.

GROUP	1/1-31/12/2016	1/1-31/12/2015
Rental income from investment properties	107	76
Direct operating expenses (including repairs and maintenance) arising from investment properties that resulted in income from rents	-34	-83
Net income / (loss) from investment properties	**-73**	**-7**

During 2015, properties which were owner occupied by the Group and have been reported in the statement of Financial Position as tangible assets were transferred to investment property following a change in their use.

GROUP	INVESTMENT PROPERTIES
1 January 2015	
Cost	0
Accumulated depreciation	0
Net Book value 1 January 2015	**0**
COST	
Transfer from tangible assets (note 2.13)	7.694
Transfer from participations to joint ventures (note 2.16)	265
Exchange differences	-67
ACCUMULATED DEPRECIATION	
Transfer from tangible assets (note 2.13)	-1.239
Depreciation of the period	-70
Impairment / write-off	-795
Exchange differences	17
Net Book value 31 December 2015	**5.805**
Cost	7.892
Accumulated depreciation	-2.087
Net Book value 31 December 2015	**5.805**

The Company did not hold investment properties as at 31/12/2016, apart from some buildings leased to its subsidiaries and therefore are classified as tangible assets.

2.15 INTANGIBLE ASSETS

GROUP	GOODWILL	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	OTHER	LICENCES [2]	TOTAL
1 January 2016						
Cost	74.438	117.882	96.296	27.847	316.964	633.427
Accumulated amortization	0	-68.358	-27.839	-15.125	-193.278	-304.600
Net Book value 1 January 2016	**74.438**	**49.524**	**68.457**	**12.722**	**123.686**	**328.827**
COST						
Additions of the period	0	13.881	11.184	1.471	12.119	38.655
Transfer of assets from (to) other categories	0	14	0	-14	0	0
Transfer from (to) inventories and tangible assets	0	574	0	3	92	669
Additions due to acquisition of subsidiaries	18.493	1.148	0	11.994	0	31.635
Disposal of subsidiaries/change in consolidation method	0	-17.657	0	-1.463	-123.536	-142.656
Impairment / write-off	0	-300	0	0	-14.241	-14.541
Exchange differences	-7.938	949	709	770	1.472	-4.038
ACCUMULATED DEPRECIATION						
Amortization of the period	0	-10.726	-5.431	-3.872	-20.193	-40.222
Impairment / write-off	0	-708	0	0	0	-708
Additions due to acquisition of subsidiaries	0	-586	0	0	0	-586
Exchange differences	0	-589	-299	-546	-370	-1.804
Transfer from (to) inventories and tangible assets	0	2	0	0	-3	-1
Disposal of subsidiaries/change in consolidation method	0	15.601	0	962	117.789	134.352
Net Book value 31 December 2016	**84.993**	**51.127**	**74.620**	**22.027**	**96.815**	**329.582**
Cost	84.993	116.491	108.189	40.608	192.870	543.151
Accumulated amortization	0	-65.364	-33.569	-18.581	-96.055	-213.569
Net Book value 31 December 2016	**84.993**	**51.127**	**74.620**	**22.027**	**96.815**	**329.582**

[1] The internally generated intangible assets of the Group include an individually material intangible asset of net book value €68.216 thousand on 31/12/2016 (central operating system - LOTOS, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is 20 years whereas additions, upgrades and improvements to this asset are constant.

[2] The Group "Licenses' include intangible assets with indefinite useful lives (Lottery Games Intellectual property rights) amounting €5,2 million 31/12/2016.

The Group (continuing operations) recognized impairment losses/write-offs of intangible fixed assets amounting to €69 thousand (discontinued operations €15.180 thousand) during the period 1/1-31/12/2016 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.7). The largest portion of discontinued operations, amounting to €14,5 million regards impairment loss on betting operations license as well as software of a subsidiary company in Russia (note 2.31.A.VIII).

GROUP	GOODWILL	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	OTHER	LICENCES [2]	TOTAL
1 January 2015						
Cost	80.707	103.266	84.010	23.141	315.864	606.988
Accumulated amortization	0	-57.669	-23.361	-10.559	-166.545	-258.134
Net Book value 1 January 2015	**80.707**	**45.597**	**60.649**	**12.582**	**149.319**	**348.854**
COST						
Additions of the period	0	15.686	12.883	3.205	6.058	37.832
Transfer of assets from (to) other categories	0	980	0	0	-980	0
Transfer from (to) inventories and tangible assets	0	0	0	-242	2	-240
Disposal	0	-674	0	-100	0	-774
Impairment / write-off	-644	-28	0	-15	-235	-922
Exchange differences	-5.625	-1.348	-597	1.858	-3.745	-9.457
ACCUMULATED DEPRECIATION						
Amortization of the period	0	-11.595	-4.754	-3.587	-28.507	-48.443
Disposal	0	633	0	100	0	733
Impairment / write-off	0	1	0	0	0	1
Exchange differences	0	267	276	-1.079	1.776	1.240
Transfer from (to) inventories and tangible assets	0	5	0	0	-2	3
Net Book value 31 December 2015	**74.438**	**49.524**	**68.457**	**12.722**	**123.686**	**328.827**
Cost	74.438	117.882	96.296	27.847	316.964	633.427
Accumulated amortization	0	-68.358	-27.839	-15.125	-193.278	-304.600
Net Book value 31 December 2015	**74.438**	**49.524**	**68.457**	**12.722**	**123.686**	**328.827**

[1] The internally generated intangible assets of the Group include an individually material intangible asset of net book value €60.972 thousand on 31/12/2015 (central operating system - LOTOS, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is 20 years whereas additions, upgrades and improvements to this asset are constant.

[2] The Group "Licenses' include intangible assets with indefinite useful lives (Lottery Games Intellectual property rights) amounting €5,2 million on 31/12/2015.

The Group (continuing operations) recognized impairment losses/write-offs of intangible fixed assets amounting to €29 thousand (discontinued operations €892 thousand) during the period 1/1-31/12/2015 which were recognized in the income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets" - note 2.7). The largest portion of discontinued operations, amounting to €0,6 million regards impairment loss on goodwill of a subsidiary company in Italy.

COMPANY	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	LICENCES	TOTAL
1 January 2016				
Cost	48.495	81.173	25.211	154.879
Accumulated amortization	-33.173	-20.201	-18.361	-71.735
Net Book value 1 January 2016	**15.322**	**60.972**	**6.850**	**83.144**
COST				
Additions of the period	4.637	11.107	518	16.262
Transfer from (to) inventories and tangible assets	485	0	0	485
ACCUMULATED DEPRECIATION				
Amortization of the period	-4.354	-3.863	-1.630	-9.847
Net Book value 31 December 2016	**16.090**	**68.216**	**5.738**	**90.044**
Cost	53.617	92.280	25.729	171.626
Accumulated amortization	-37.527	-24.064	-19.991	-81.582
Net Book value 31 December 2016	**16.090**	**68.216**	**5.738**	**90.044**

COMPANY	SOFTWARE	DEVELOPMENT COSTS (Internally generated) [1]	LICENCES	TOTAL
1 January 2015				
Cost	46.075	69.443	24.987	140.505
Accumulated amortization	-29.413	-16.860	-16.428	-62.701
Net Book value 1 January 2015	**16.662**	**52.583**	**8.559**	**77.804**
COST				
Additions of the period	2.420	11.730	224	14.374
ACCUMULATED DEPRECIATION				
Amortization of the period	-3.760	-3.341	-1.933	-9.034
Net Book value 31 December 2015	**15.322**	**60.972**	**6.850**	**83.144**
Cost	48.495	81.173	25.211	154.879
Accumulated amortization	-33.173	-20.201	-18.361	-71.735
Net Book value 31 December 2015	**15.322**	**60.972**	**6.850**	**83.144**

[1] The internally generated intangible assets of the Group consist of an individually material intangible asset (central operating system - LOTOS, which supports the majority of the contracts of the Group). The remaining amortization period of the central operating system is 20 years whereas additions, upgrades and improvements to this asset are constant.

Goodwill and Intangible assets with indefinite useful life impairment test

Management tests goodwill for impairment annually (31 December) or more frequently if events occur or changes in circumstances indicate that the carrying value may have been reduced in accordance with accounting practice described in note 2.1.6.a "Business Combination and Goodwill".

The Group recognized impairment losses of goodwill amounting €0,6 million during the period 1/1-31/12/2015 that were recognized in the income statement (in "Gain/(Losses) from assets disposal, impairment losses and write-off of assets" - note 2.7) due to missing certain assumptions that were used in 31/12/2014 for goodwill impairment testing of the Group's subsidiary company in Italy.

The Group tested goodwill for impairment on 31/12/2016 and the key assumptions that are used for the determination of the recoverable amount are disclosed below. The recoverable amounts of cash generating units have been determined based on value in use calculations using appropriate estimates regarding future cash flows and discount rates.

Specifically, goodwill arising on consolidation of acquired subsidiaries and intangible assets with indefinite useful life are allocated to the following cash generating units (CGU) by geographical area, which are the operating segments for impairment testing purposes:

Carrying amount:

CGU	Goodwill		Intangible assets with indefinite useful life	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
European Union	24.202	5.837	2.331	2.300
Other Europe	0	0	0	0
America	20.434	21.496	2.832	2.936
Other countries	40.357	47.105	0	0
Total	**84.993**	**74.438**	**5.163**	**5.236**

Key assumptions:

The recoverable amount of each CGU is determined according to the calculations of value in use. The determination is obtained by the present value of estimated future cash flows expected to be generated by each CGU (discounted cash flow method - DCF). The cash flows are derived from the most recent approved by the management budgets for the next three years and do not include estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance which is tested for impairment. The expected cash flow projections beyond the period covered by the most recent budgets estimated by extrapolating the projections based on the budgets using a steady or declining growth rate for subsequent years, which does not exceed the long-term average growth rate for products, industries, countries in which the Group operates, or for the market in which the asset is used. The Group makes estimates beyond the period of five years where has signed revenue contracts beyond five years as well as in cases where management believes that based on market data and renewals track record of the Group, it is very possible the renewal of the relevant contracts beyond the five year period. Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset, giving greater weight to external evidence. Management assesses the reasonableness of the assumptions underlying the current cash flow projections by examining the causes of differences between past cash flow projections and actual cash flows. Management also ensures that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes, provided that subsequent events or circumstances that did not exist when those actual cash flows were generated make this appropriate. The use value for CGUs affected (has sensitivity) of the following key factors (assumptions):

- Sales
- Growth rate used to extrapolate cash flows beyond the budget period, and
- Discount rates

Sales:

Sales projections are derived from estimates of local management of various subsidiaries. These projections are based on careful assessments of various factors, such as past performance, estimates of growth of the local market, competition - if exists, possible changes in the institutional framework governing the gambling market, the economic situation of the gambling industry and the market in general, new opportunities such as lotteries privatizations, etc.

Sales growth rate:

CGU	2016	2015
European Union	-1,2% - 25,9%	-0,9% - 5,4%
Other Europe	n/a	n/a
America	0,0% - 3,8%	0,0% - 10,1%
Other countries	0,0% - 16,6%	0,0% - 8,8%

Growth rate used to extrapolate cash flows beyond the budget period:

The factors taken into account for the calculation of the growth rate beyond the budgets period derive from external sources and include among others, the level of maturity of each market, the existence of barriers to entry for competitors, the economic situation of the market, existing competition and technology trends.

Growth rate beyond the budget period:

CGU	2016	2015
European Union	0,0% - 2,3%	0,0% - 2,7%
Other Europe	n/a	n/a
America	0,0% - 4,6%	0,0% - 6,0%
Other countries	0,0% - 3,6%	0,0% - 3,6%

Discount rates:

The discount rates represent the current market assessments of the risks personalized for each CGU, having made the necessary adjustments for the time value of money and possible risks specific to any assets that have not been included in the cash flow projections. The calculation of discount rates based on specific conditions under which the Group and its operating segments operate and calculated through the weighted average cost of capital method (WACC). The WACC takes into account both debt and equity. The cost of equity derives from the expected return that Group investors have for their investment. Cost of debt based on the interest rate of the Group loans. The specific risk of each country is incorporated by implementing individualized sensitivity factors "beta" (beta factors). The sensitivity factors "beta" evaluated annually based on published market data.

Discount rates:

CGU	2016	2015
European Union	6,2% - 8,0%	7,0% - 7,4%
Other Europe	n/a	n/a
America	17,5% - 28,1%	23,1% - 38,3%
Other countries	12,0% - 14,1%	11,9% - 14,0%

Recoverable amount sensitivity analysis:

On 31/12/16, the Group analyzed the sensitivity of the recoverable amounts in a reasonable and possible change of some of the basic assumptions (such as the change of a percentage point to the growth rate beyond the budget period and the discount rates). This analysis does not show a situation in which the carrying amount of the Group's significant CGUs exceeds their recoverable amount.

2.16 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	31/12/2016	31/12/2015
Lotrich Information Co LTD	40%	Taiwan	6.065	5.570
Goreward LTD Group	49,99%	China	70.501	29.614
Intralot South Africa LTD	45%	South Africa	0	376
Bit8 LTD Group	39%	Malta	5.492	5.303
Gamenet Group SpA	20%	Italy	83.532	0
Intralot de Peru SAC	20%	Peru	15.217	0
Total			**180.807**	**40.863**

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	31/12/2016	31/12/2015
Opening Balance	**40.863**	**32.608**
Participation in net profit / (loss) of associates and joint ventures	-4.574	-4.063
Companies merge (note2.31)	83.520	0
New acquisitions	0	5.750
Acquisition of additional stake	800	0
Change in consolidation method	16.179	0
Additions/contribution in kind	51.104	0
Dividends	0	-59
Exchange differences	3.325	8.224
Return of capital	0	-1.300
Transfer to investment properties (Note 2.14)	0	-265
Impairment	-10.403	0
Other	-7	-32
Closing Balance	**180.807**	**40.863**

COMPANY INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	31/12/2016	31/12/2015
Lotrich Information Co LTD	40%	Taiwan	5.131	5.131
Intralot South Africa LTD	45%	South Africa	0	1.000
Intralot De Peru SAC	20%	Peru	5.528	0
Total			**10.659**	**6.131**

COMPANY INVESTMENT IN SUBSIDIARIES	% Participation	Country	31/12/2016	31/12/2015
Intralot De Peru SAC	95,18%	Peru	0	15.759
Intralot Holdings International LTD	100%	Cyprus	4.464	8.464
Betting Company S.A.	95%	Greece	139	139
Inteltek Internet AS	20%	Turkey	66.081	67.326
Bilyoner Interactif Hizmelter AS	50,01%	Turkey	10.751	10.751
Intralot Global Securities BV	100%	Nederland	57.028	57.028
Loteria Moldovei SA	47,90%	Moldova	656	656
Intralot Iberia Holdings SA	100%	Spain	5.638	5.638
Other			324	402
Total			**145.081**	**166.163**
Grand Total			**155.740**	**172.294**

COMPANY INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	31/12/2016	31/12/2015
Opening Balance	**172.294**	**209.661**
Increase of share in existing affiliates	0	105
Establishment of new affiliates	0	40
Capitalization of affiliates receivables	10.550	0
Disposal of affiliates share	-20.781	0
Provisions for impairment of affiliates	-4.078	-36.212
Provisions for impairment of associates	-1.000	0
Liquidation of affiliates	0	0
Return of capital from affiliates	-1.245	0
Return of capital from associates	0	-1.300
Closing Balance	**155.740**	**172.294**

2.17 OTHER FINANCIAL ASSETS

Other financial assets which in total have been classified by the Group as “Available for sale” and “Held to maturity” are analyzed as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening Balance	**26.085**	**37.256**	**3.243**	**3.254**
Purchases	2.453	1.650	0	0
Addition due to acquisition	90	0	0	0
Return of Capital	-3.292	-10.727	0	0
Disposals	-421	-311	0	0
Fair value revaluation	-2.974	-1.746	-1.760	-11
Exchange differences	-31	-37	0	0
Closing balance	**21.910**	**26.085**	**1.483**	**3.243**
Quoted securities	1.949	1.812	24	24
Unquoted securities	19.961	24.273	1.459	3.219
Total	**21.910**	**26.085**	**1.483**	**3.243**
Long-term Financial Assets	21.910	26.085	1.483	3.243
Short-term Financial Assets	0	0	0	0
Total	**21.910**	**26.085**	**1.483**	**3.243**

For the 2016 fiscal year the Group losses arising from the valuation at fair value of the above financial assets amounting to €2.974 thousand (2015: losses €1.746 thousand) are analyzed in losses amounting to €2.986 thousand (2015: losses €1.749 thousand) recorded in a separate equity reserve and in profits amounting to €12 thousand (2015: gains of €3 thousand) recognized in the income statement. Respectively for the Company, the losses amounting €1.760 thousand (2015: losses of €11 thousand) are analyzed in losses amounting to €1.760 thousand (2015: losses €11 thousand) recorded in a separate equity reserve.

For investments that are actively traded in organized financial markets, fair value is determined by reference to the closing price at the reporting date. For investments where there is no corresponding market price, fair value is determined by reference to the current market value of another instrument that is substantially the same or estimated based on expected cash flows of the net assets underlying the investment or acquisition value.

2.18 OTHER LONG TERM RECEIVABLES

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Receivables	5.469	2.720	0	0
Receivables from related parties (note 2.31.E)	4.176	8.796	28	28
Guarantees	2.294	2.406	102	158
Minus: Provisions	0	-7.000	0	0
Other receivables	10.468	63.303	14	14
Total	**22.407**	**70.225**	**144**	**200**

Reconciliation of changes in provisions for impairment of long-term receivables	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening Balance	**-7.000**	**-7.000**	**0**	**0**
Provisions for the period for receivables from debtors [1]	7.000	0	0	0
Closing Balance	**0**	**-7.000**	**0**	**0**

[1] Relating to provisions for impairment of receivables from debtors (third parties outside the Group) derived from commercial transactions in the ordinary course of business.

2.19 TRADE AND OTHER SHORT TERM RECEIVABLES

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade receivables [2]	91.325	121.555	47.542	52.440
Receivables from associates and other related parties (note 2.31.E)	22.704	23.774	89.324	102.160
Other receivables [1] [2]	29.558	17.914	21.060	6.751
Less: Provisions	-17.808	-13.369	-47.032	-46.611
Prepaid expenses and other receivables	44.200	52.858	17.116	12.352
Total	**169.979**	**202.732**	**128.010**	**127.092**

[1] The Group includes collateralized bank deposits as security coverage for banking facilities amounting €14.030 thousand (31/12/2015: €30 thousand) and other collateralized bank deposits amounting to €370 thousand (31/12/2015: €372 thousand).

[2] The account «Trade receivables» and «Other receivables» of the Company and the Group include a receivable from the "Hellenic Organization of Horse Racing S.A." (ODIE) amounting to €30,0 million (31/12/2015: €24,9 million) that was overdue until November 2015 and had not been impaired. In November 2015 an agreement was signed between the Company and ODIE which set the repayment of all of the above receivables of the Company. With this agreement ODIE granted the Company 2/3 of the rent which it will receive from the lease of property of ODIE (Markopoulos facilities) to the company 'Ippodromies SA ''. The payment of the assigned lease to the Company has already started. The whole of this receivable is covered by collateral as disclosed in note 2.32.A.q "Contingent liabilities" - "Litigation cases". We also note that the Company assesses the risk of non-collectability as minimum, given both the public character of ODIE, and the reception of physical collateral (first mortgage and note of mortgage) on the above mentioned property of ODIE. The record of the above physical collateral, was made for the amount of €20,9 million against the real estate and the facilities of ODIE in Markopoulos, that have a multiple fair value, making the collection of the claim as fully secured.

Reconciliation of changes in provisions for impairment of short-term receivables	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Opening Balance	**-13.369**	**-10.331**	**-46.611**	**-79.893**
Provisions for the period for receivable from affiliates [1]	0	0	-10.600	-4.065
Provisions for the period for receivable from associates [2]	-4.348	0	-4.348	0
Provisions for the period for receivable from debtors [2]	-3.968	-4.339	-575	0
Provisions utilized for receivables from affiliates	0	0	731	0
Provisions utilized for receivables from debtors	29	1.380	0	0
Reversed provisions for receivables from affiliates	0	0	14.371	37.347
Reversed provisions for receivables from debtors	644	0	0	0
Subsidiaries disposal/change in consolidation method	3.185	0	0	0
Exchange differences	19	-79	0	0
Closing Balance	**-17.808**	**-13.369**	**-47.032**	**-46.611**

1 Relating to impairment provision of receivables from affiliate and associate companies of the Group derived either from machinery and equipment disposal and services rendered or from loan contracts.
2 Relating to impairment provision of receivables from debtors (third parties outside the Group) derived from commercial transactions in the ordinary course of business.

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

RECEIVABLES	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Trade receivables	96.794	124.275	47.542	52.440
Receivables from related parties (note 2.31.E)	26.880	32.570	89.352	102.188
Prepaid expenses and other receivables	86.520	136.481	38.292	19.275
Provisions for doubtful debts	-17.808	-20.369	-47.032	-46.611
Total	**192.386**	**272.957**	**128.154**	**127.292**
MATURITY INFORMATION				
0-3 months	52.692	47.044	24.314	12.689
3-12 months	117.287	155.688	103.696	114.403
More than 1 year	22.407	70.225	144	200
Total	**192.386**	**272.957**	**128.154**	**127.292**

2.20 INVENTORIES

	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Merchandise – Equipment	30.841	37.847	18.888	25.817
Other	3.487	8.080	0	0
Total	**34.328**	**45.927**	**18.888**	**25.817**
Impairment	-2.078	-3.336	0	-1.753
Total	**32.250**	**42.591**	**18.888**	**24.064**

For the twelve months ended December 31, 2016 the amount transferred to profit and loss from disposal/usage of inventories is €8.104 thousand (twelve months of 2015: €10.152 thousand) for the Group while the respective amount for the Company is €9.576 thousand (twelve months of 2015: €12.007 thousand) and included in «Cost of sales».

Reconciliation of changes in inventories provision for impairment	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening balance for the period	**-3.336**	**-3.353**	**-1.753**	**-1.753**
Period provisions*	-500	0	0	0
Reversed provisions	0	2	0	0
Used provisions	1.753	0	1.753	0
Foreign exchange differences	5	15	0	0
Closing balance for the period	**-2.078**	**-3.336**	**0**	**-1.753**

*Included in «Cost of sales»

There are no liens on inventories.

2.21 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 consist of**:**

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Cash and bank current accounts	163.453	270.240	20.356	35.859
Short term time deposits	948	6.369	0	0
Total	**164.401**	**276.609**	**20.356**	**35.859**

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).

2.22 SHARE CAPITAL, TREASURY SHARES AND RESERVES

Share Capital

Total number of authorized shares	31/12/2016	31/12/2015
Ordinary shares of nominal value €0,30 each	158.961.721	158.961.721

Issued and fully paid shares	Number of ordinary shares	€'000
Balance 1 January 2015	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31 December 2015	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31 December 2016	**158.961.721**	**47.689**

Treasury Shares

The Company, according to article 16, C.L. 2190/1920, article 4.1.4.2 of the regulation of ATHEX and based on the resolution of the Shareholder's Annual General Meeting which took place on the 11/06/2014, as amended by the relevant decision of the Shareholder's Annual General Meeting on 19/05/2015, has approved a buy-back program of up to 10% of the paid share capital, for the time period of 24 months with effect from 11/06/2014 and until 11/06/2016, with a minimum price of €1,00 and maximum price of €12,00. It has also approved that the own shares which will eventually be acquired may be held for future acquisition of shares of another company. During the twelve months of 2016, the Company purchased 1.112.023 own shares (0,70% of the company's share capital) at an average price of €1,10 per share, totalling €1.219 thousand. Until 31/12/2016 the Company has purchased 1.582.769 own shares (1,00% of the company's share capital) with average price €1,08 per share and a total price of €1.709 thousand. During the first quarter of 2017 and until the date of approval of the financial statements of 31/12/2016, the Company purchased 5.400 own shares (0,003% of the Company's share capital) at an average price of €1,09 per share, totalling €6 thousand bringing total repurchases to 1.588.169 own shares (1,00% of the Company's share capital) at an average price of €1,08 per share, totalling €1.715 thousand.

	GROUP Number of ordinary shares	€ '000	COMPANY Number of ordinary shares	€ '000
Balance 1 January 2015	470.746	490	470.746	490
Repurchase of treasury shares	0	0	0	0
Balance 31 December 2015	**470.746**	**490**	**470.746**	**490**
Repurchase of treasury shares	1.112.023	1.219	1.112.023	1.219
Balance 31 December 2016	**1.582.769**	**1.709**	**1.582.769**	**1.709**

Reserves

Exchange differences reserve

This reserve is used to record the exchange differences arising from the translation of foreign subsidiaries' financial statements. The balance of this reserve for the Group at 31/12/2016 was €-61,2 million (31/12/2015: €-59,4 million). The Group had a total net loss which was reported in the statement of comprehensive income from the change in the fair value reserve during the twelve months of 2016 amounting to €5,9 million (twelve months of 2015: loss of €5,4 million), out of which loss of €1,8 million is attributable to the owners of the parent and loss of €4,1 million to non-controlling interest. The above total net loss for 2016 comes mainly from the fluctuation of TRY , JMD, ARS, USD and CNY against the EUR.

The main exchange rates of abroad subsidiaries financial statements conversion were:

- **Statement of Financial Position**:

	31/12/2016	31/12/2015	Change
EUR / USD	1,05	1,09	-3,7%
EUR / JMD	135,02	130,28	3,6%
EUR / TRY	3,71	3,18	16,7%
EUR / PEN	3,53	3,70	-4,6%
EUR / AZN	1,85	1,69	9,5%
EUR / ARS	16,67	14,05	18,6%
EUR / PLN	4,41	4,26	3,5%
EUR / BRL	3,43	4,31	-20,4%

- **Income Statement**:

	Avg. 1/1-31/12/2016	Avg. 1/1-31/12/2015	Change
EUR / USD	1,11	1,11	0%
EUR / JMD	137,99	129,18	6,8%
EUR / TRY	3,34	3,03	10,2%
EUR / PEN	3,73	3,52	6%
EUR / AZN	1,76	1,13	55,7%
EUR / ARS	16,32	10,28	58,8%
EUR / PLN	4,36	4,18	4,3%
EUR / BRL	3,86	3,70	4,3%

Other Reserves

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Statutory Reserve	27.076	30.561	15.896	15.896
Extraordinary Reserves	1.689	1.649	1.456	1.456
Tax Free and Specially Taxed Reserves	31.245	31.359	28.601	28.601
Actuarial differences reserve	-37	-424	-82	-51
Revaluation reserve	-3.937	-934	-1.935	-175
Total operations	**56.036**	**62.211**	**43.936**	**45.727**

Statutory reserve

Some of the Group companies are obliged, according to commercial laws in force in the country based, to form a percentage of their annual net profit as reflected in their statutory books to a legal reserve. Under Greek corporate law, companies are required to form at least 5% of their annual net profit as reflected in their statutory books to a legal reserve until the aggregate amount of legal reserve reaches at least 1/3 of the share capital. This reserve cannot be distributed during the Company's operation. Statutory reserve at December 31, 2016 amounts to €27,1 million for the Group and €15,9 million for the Company (2015: €30,6 million and €15,9 million respectively).

Extraordinary Reserves

They concern among other, reserves formed under development laws, from the Company and certain subsidiaries of the Group. For these reserves the tax liability has run out or permanently exempted from taxation and therefore their distribution does not create further tax burden on the Group and Company. Extraordinary reserves on 31 December 2016 amount to €1,7 million for the Group and €1,5 million for the Company (2015: €1,7 million. and €1,5 million. respectively).

Tax free reserves and reserves specially taxed

Tax-free and specially taxed reserves represent investment or development laws and special laws reserves and interest income, which are either tax free or taxed at 15% at source.

These revenues are not taxable provided that there are sufficient profits from which can be formed relative untaxed reserves. According to the Greek tax legislation, these reserves are exempt from income tax, provided they are not distributed to shareholders. The distribution of the balance of these reserves can only occur following the approval of shareholders in a regular meeting and if the applicable taxation is paid. The Group does not intend to distribute the balance of these reserves and therefore has not calculated the tax liability that would arise from the distribution. Also the profits received from resident companies which have their registered office in another member state of the European Union, in which the resident company participates within the meaning of Article 11 of L.2578/1998, are exempt from taxation. The exempt amount is displayed in tax free reserve account, regardless of the adequacy of profits or not. The balance of these reserves on 31 December 2016 was €31,3 million for the Group (2015: €31,4 million.) and €28,6 million for the Company (2015: €28,6 million.).

Actuarial differences reserve

It concerns actuarial gains / losses arising from actuarial studies performed by the Group to its subsidiaries for the various benefit plans to employees. The actuarial differences reserve on 31 December 2016 amount to €-37 thousand for the Group and €-82 thousand for the Company (2015: €-424 thousand and €-51 thousand respectively).

Revaluation Reserve

It concerns changes in the fair value of available for sale financial assets amounting on 31 December 2016 to €-3,9 thousand for the Group and €-1,9 thousand for the Company (2015: €-934 thousand and €-175 thousand respectively).

Analysis of changes in other comprehensive income by category of reserves

GROUP 1/1-31/12/2016	Actuarial differences reserve	Revaluation Reserve	Exchange differences reserve	Retained Earnings	Total	Non-controlling interest	Grand total
Defined benefit plans revaluation for subsidiaries and parent company	387	0	0	-106	**281**	-124	**157**
Valuation of available for sale financial assets of subsidiaries and parent company	0	-3.003	0	0	**-3.003**	17	**-2.986**
Exchange differences on consolidation of subsidiaries	0	0	-4.262	0	**-4.262**	-4.146	**-8.408**
Share of exchange differences on consolidation of associates and joint ventures	0	0	2.492	0	**2.492**	0	**2.492**
Other comprehensive income / (expenses) after taxe	**387**	**-3.003**	**-1.770**	**-106**	**-4.492**	**-4.253**	**-8.745**

GROUP 1/1-31/12/2015	Actuarial differences reserve	Revaluation Reserve	Exchange differences reserve	Retained Earnings	Total	Non-controlling interest	Grand total
Defined benefit plans revaluation for subsidiaries and parent company	123	0	0	-62	**61**	-75	**-14**
Valuation of available for sale financial assets of subsidiaries and parent company	0	-1.742	0	0	**-1.742**	-7	**-1.749**
Exchange differences on consolidation of subsidiaries	0	0	-10.524	0	**-10.524**	-3.073	**-13.597**
Share of exchange differences on consolidation of associates and joint ventures	0	0	8.204	0	**8.204**	0	**8.204**
Other comprehensive income / (expenses) after taxe	**123**	**-1.742**	**-2.320**	**-62**	**-4.001**	**-3.155**	**-7.156**

COMPANY 1/1-31/12/2016	Actuarial differences reserve	Revaluation Reserve	Total
Revaluation of defined benefit plans	-31	0	**-31**
Valuation of available for sale financial assets	0	-1.760	**-1.760**
Other comprehensive income / (expenses) after taxe	**-31**	**-1.760**	**-1.791**

COMPANY 1/1-31/12/2015	Actuarial differences reserve	Revaluation Reserve	Total
Revaluation of defined benefit plans	216	0	**216**
Valuation of available for sale financial assets	0	-11	**-11**
Other comprehensive income / (expenses) after taxe	**216**	**-11**	**205**

2.23 DIVIDENDS

Declared dividends of ordinary shares:	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Final dividend of period 2012-2013	689	19.685	0	0
Interim dividend of 2014	0	0	0	0
Final dividend of 2014	32	27.735	0	0
Interim dividend of 2015	0	21.495	0	0
Final dividend of 2015	26.572	0	0	0
Interim dividend of 2016	16.255	0	0	0
Dividend per Statement of changes in equity	**43.548**	**68.915**	**0**	**0**

Paid Dividends on ordinary shares:

During the twelve months of 2016 dividends paid on ordinary shares, aggregated €42.161 thousand (twelve months of 2015: €67.682 thousand).

2.24 LONG TERM LOANS

	Currency	Interest rate	GROUP		COMPANY	
			31/12/2016	31/12/2015	31/12/2016	31/12/2015
Facility A (€250 million)	EUR	6,00%	245.998	244.878	0	0
Facility B (€250 million)	EUR	6,75%	245.494	0	0	0
Facility C (€325 million)	EUR	9,75%	0	326.579	0	0
Facility D (€200 million)	EUR	1M Euribor + 5,50%	0	198.624	0	0
Facility E (€225 million)	EUR	1M Euribor + 5,50%	156.964	0	0	0
Facility F (€25 million)	EUR	4,80%	0	6.762	0	0
Intercompany Loans			0	0	237.348	282.031
Other			8.709	16.349	0	0
Total Loans			**657.165**	**793.192**	**237.348**	**282.031**
Less: Payable during the next year			-13.273	-29.365	0	-1.358
Repurchase Facility A			0	-19.296	0	0
Repurchase Facility C			0	-28.437	0	0
Long Term Loans			**643.892**	**716.094**	**237.348**	**280.673**

- Facility A: On May 2014, Intralot Capital Luxembourg issued Senior Notes with a nominal value of €250 million, guaranteed by the parent company and subsidiaries of the Group, due May 15th 2021. The Notes were offered at an issue price of 99,294%. Interest is payable semi-annually at an annual fixed nominal coupon of 6%. The Notes are trading on the Luxembourg Stock Exchanges Euro MTF Market. The Notes bear the Group financial covenants with respect to Net Debt to EBITDA (Leverage ratio), and financial expenses coverage ratio (Fixed Charge Coverage ratio). The Group was in compliance with the covenants under Notes as at 31/12/2016. Until 31/12/2015, the Group bought back bonds with nominal value €19,7 million. During the twelve months of 2016 the Group resold bonds with nominal value €19,7 million bringing the total outstanding nominal amount to €250,0 million.
- Facility B: On September 2016, Intralot Capital Luxembourg, issued Senior Notes with a nominal value of €250 million, guaranteed by the parent company and subsidiaries of the Group, due September 15th 2021. The Notes were offered at an issue price of 100,000%. Interest is payable semi-annually at an annual fixed nominal coupon of 6,75%. The Notes are trading on the Luxembourg Stock Exchanges Euro MTF Market. The bond proceeds were used for the partial repayment of Facility C. The Notes bear the Group financial covenants with respect to Net Debt to EBITDA (Leverage ratio), and financial expenses coverage ratio (Fixed Charge Coverage ratio).The Group was in compliance with the covenants under Notes as at 31/12/2016.
- Facility C: On August 2013, Intralot Finance Luxembourg SA, issued Senior Notes with a nominal value of €325 million, guaranteed by the parent company and subsidiaries of the Group, due August 15th 2018. The Notes were offered at an issue price of 99,027%. Interest is payable semi-annually at an annual fixed nominal coupon of 9,75%. The Notes are trading on the Luxembourg Stock Exchanges Euro MTF Market. The Notes bear the Group financial covenants with respect to Net Debt to EBITDA (Leverage ratio), and financial expenses coverage ratio (Fixed Charge Coverage ratio). Until 31/12/2015, the Group bought back bonds with a nominal value €28,3 million. During 2016 the Group bought back bonds with nominal value €20,0 million bringing the total amount of repurchases to €48,3 million and the total outstanding nominal amount to €276,7 million. On September 12, 2016 the Group cancelled the total repurchased bonds with nominal value €48,3 million, while on September 14, 2016 announced its intention to repurchase in cash at a repurchase price of €1.051,55 per €1,000 nominal amount of the outstanding bonds with nominal value €276,6 million. On September 21, 2016 the Group announced the expiration of the tender offer and the total nominal amount offered and bought back in cash on September 23, 2016 amounted to €56,2 million. Finally, on October 14, 2016 the Group bought back in cash the remaining outstanding bonds with nominal value €220,5 million with a repurchasing price €1.048,75 per €1,000 nominal amount, fully settling Facility C.
- Facility D: On June 2014, Intralot Finance UK Ltd signed a syndicated loan guaranteed by the parent and subsidiaries of the Group amounting €200 million. The loan had three year duration (extendable for a further year) and the limit was set at €200 million, of which €120 million in the form of revolving facility and €80 million as term loan. The outstanding loan balance bore a floating rate (Euribor) plus a 5,50% margin. Facility D was fully repaid in December 2016 with proceeds from the Financing E.

- Facility E: On December 2016, Intralot Finance UK Ltd signed a syndicated loan guaranteed by the parent and subsidiaries of the Group amounting €225 million. The loan will have three year duration (with a two-year extension option) and the limit is set at €225 million, of which €86,1 million are in the form of revolving facility, €98,9 as term loan and €40 million as standby revolving facility. The outstanding loan balance on 31/12/2016 was €160 million and bears a floating rate (Euribor) plus a 5,50% margin. Under the revolving credit facility the Group has the right to borrow, repay and use the loan limit until maturity. Additionally, 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). The financial terms of the loan, include minimum ratio requirements of total net debt to EBITDA (Leverage Ratio) and the Interest Coverage ratio. The Group on 31/12/2016 covers the economic clauses of the syndicated loan.
- Facility F: On July 2012, Maltco Lotteries LTD signed a long term loan amounting to €25 million. The financing bears floating interest with a total average rate equal to 4,80%, is paid in monthly instalments and matures in October 2017. The loan is guaranteed by the parent company. The loan was fully repaid in November 2016.

The Company, the subsidiaries of the Group or other related parties, or agents on its or their behalf, may from time to time purchase and/or re-sell bonds of the Group (Facility A & B) in one or more series of open-market transactions from time to time. The Group does not intend to disclose the extent of any such purchase or re-sale otherwise than in accordance with any legal or regulatory obligation the Group may have to do so.

The weighted average interest rate on long-term loans on 31/12/2016 in EUR, USD and BGL was 6,1% 10,5% and 10,5% respectively (31/12/2015 EUR 7,5% and USD 9,3%).

Maturity of Group's long term borrowing (excluding finance lease liabilities):

	31/12/2016	31/12/2015
From 1 to 5 years	642.531	491.751
More than 5 years	1.361	224.343
Total	**643.892**	**716.094**

Loans are classified as follows with reference to the granting currency:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Loans in EUR	642.379	716.052	237.348	280.673
Loans in USD	136	42	0	0
Loans in BGL	1.361	0	0	0
Loans in BRL	9	0	0	0
Loans in ARS	7	0	0	0
Total	**643.892**	**716.094**	**237.348**	**280.673**

2.25 STAFF RETIREMENT INDEMNITIES

(a) State Insurance Programs:

The Group's contributions to the State insurance funds for the year ended 31 December 2016 that were reported in the year's expenses amount to €12.577 thousand as stated in Note 2.3.

(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 31 December 2016 are as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Present Value of unfunded liability	5.382	6.879	3.396	3.412
Unrecognized actuarial losses	0	0	0	0
Net liability on the balance sheet	**5.382**	**6.879**	**3.396**	**3.412**
Components of the net retirement cost in the year:				
Current service cost	541	715	309	335
Finance cost	51	131	68	92
Amortization of unrecognised service cost	0	0	0	0
Effect of cutting / settlement / termination benefits	685	1.183	592	1.046
Intragroup staff transfer	0	0	-2	0
Debit to income statement (Note 2.3)- (total operations)	**1.277**	**2.029**	**967**	**1.473**
Additional service cost	0	0	0	0
Total charge to income statement	**1.277**	**2.029**	**967**	**1.473**
Actuarial (gains) / losses recognized in other comprehensive income (before deferred tax)	331	-39	44	-304
Deferred tax attributable to actuarial (gains)/losses	-72	53	-13	88
Actuarial results reserve reclassified in income statement due to disposal of subsidiaries	-416	0	0	0
Total debit/(credit) / losses in other comprehensive income	**-157**	**14**	**31**	**-216**
Reconciliation of benefit liabilities:				
Net liability at beginning of year	6.879	7.053	3.412	4.094
Service cost	541	715	309	335
Finance cost	51	131	68	92
Amortization of unrecognised service cost	0	0	0	0
Effect of cutting / settlement / termination benefits	685	1.183	592	1.046
Benefits paid	-1.182	-2.058	-1.027	-1.851
Intragroup staff transfer	0	0	-2	0
Disposal of subsidiary	-1.774	0	0	0
New consolidated entities	10	0	0	0
Actuarial (gains) / losses	331	-39	44	-304
Exchange differences	-159	-106	0	0
Present Value of the liability at end of year	**5.382**	**6.879**	**3.396**	**3.412**

Basic assumptions:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Discount rate	3,78%	2,41%	1,60%	2,00%
Percentage of annual salary increases	2,17%	2,00%	0%	0%
Increase in Consumer Price Index	3,26%	2,84%	1,75%	2,00%

Sensitivity analysis for the most important assumptions on 31/12/2016:

Effect on current service cost	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-344	506	-255	378
Percentage of annual salary increases	507	-342	381	-252

Effect on present value of liability	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-3.264	4.344	-2.957	3.931
Percentage of annual salary increases	4.334	-3.263	3.924	-2.954

Sensitivity analysis for the most important assumptions on 31/12/2015:

Effect on current service cost	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-394	552	-255	378
Percentage of annual salary increases	532	-372	381	-252

Effect on present value of liability	GROUP		COMPANY	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Discount rate	-3.214	4.459	-2.906	4.037
Percentage of annual salary increases	4.428	-3.191	4.031	-2.902

Analysis of Actuarial (gains) / losses in other comprehensive income (before deferred tax):

	31/12/2016		31/12/2015	
	GROUP	COMPANY	GROUP	COMPANY
Change in economic assumptions	397	80	552	257
Change in demographic assumptions	-34	-35	-65	-61
Change due to experience and other assumptions change	-32	-1	-526	-500
Actuarial (gains) / losses in other comprehensive income (before deferred tax)	**331**	**44**	**-39**	**-304**

2.26 SHARED BASED BENEFITS

The Group had no active option plan during the twelve months of 2016.

2.27 OTHER LONG TERM LIABILITIES

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Guarantees	15.724	15.227	0	0
Amounts due to associates and other related parties (Note 2.31.E)	0	1.665	0	0
Other liabilities	1.547	2.221	0	0
Total	**17.271**	**19.113**	**0**	**0**

2.28 TRADE AND OTHER CURRENT LIABILITES

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade Creditors	48.349	52.706	10.468	10.339
Amounts due to related parties (Note 2.31.E)	31.337	19.938	46.432	45.248
Winnings	3.169	11.528	0	0
Other Payables	29.398	29.734	7.035	5.128
Taxes	15.880	21.361	1.931	1.478
Dividends payable	8	13	5	7
Total	**128.141**	**135.280**	**65.871**	**62.200**

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

PAYABLES	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade payables	48.349	52.706	10.468	10.339
Payable to related parties (note 2.31.E)	31.337	21.603	46.432	45.248
Other payables	65.726	80.084	8.971	6.613
Total	**145.412**	**154.393**	**65.871**	**62.200**
MATURITY INFORMATION				
0-3 months	87.085	70.689	26.628	15.909
3-12 months	41.056	64.591	39.243	46.291
More than 1 year	17.271	19.113	0	0
Total	**145.412**	**154.393**	**65.871**	**62.200**

2.29 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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Loan in EUR[1]	6.578	13.556	0	1.358
Loan in USD[1]	4.407	13.386	0	0
Loan in PEN	0	1.087	0	0
Loan in PLN	1.251	1.312	0	0
Loan in BGL	260	0	0	0
Loan in ARS	5	0	0	0
Loan in BRL	755	14	0	0
Loan in TRY	17	10	0	0
Total	**13.273**	**29.365**	**0**	**1.358**
Leasing in EUR	1.119	6.038	0	0
Leasing in USD	306	771	0	0
Leasing in BGL	30	6	0	0
Leasing in BRL	5	0	0	0
Total	**1.460**	**6.815**	**0**	**0**
Total	**14.733**	**36.180**	**0**	**1.358**

[1] The Group included in "Loans in USD" funding from other related parties amounting to €338 thousand (31/12/2015: €322 thousand) and the Company in "Loans in EUR" finance from subsidiaries amounting to €0 thousand (31/12/2015: €1.358 thousand) (Note 2.31.E).

2.30 FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities of the Group, excluding cash and cash equivalents are analyzed as follows:

31/12/2016 Financial assets:	Loans and receivables	Available for sale financial assets	Total
Trade receivables	96.794	0	**96.794**
Receivables from related parties	26.880	0	**26.880**
Prepaid expenses and other receivable	86.520	0	**86.520**
Bad debtors provisions	-17.808	0	**-17.808**
Other quoted financial assets	0	1.949	**1.949**
Other unquoted financial assets	0	19.961	**19.961**
Total	**192.386**	**21.910**	**214.296**
Long term	22.407	21.910	**44.317**
Short term	169.979	0	**169.979**
Total	**192.386**	**21.910**	**214.296**

31/12/2015 Financial assets:	Loans and receivables	Available for sale financial assets	Total
Trade receivables	124.275	0	**124.275**
Receivables from related parties	32.570	0	**32.570**
Prepaid expenses and other receivable	136.481	0	**136.481**
Bad debtors provisions	-20.369	0	**-20.369**
Other quoted financial assets	0	1.812	**1.812**
Other unquoted financial assets	0	24.273	**24.273**
Total	**272.957**	**26.085**	**299.042**
Long term	70.225	26.085	**96.310**
Short term	202.732	0	**202.732**
Total	**272.957**	**26.085**	**299.042**

31/12/2016 Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Trade Payables	48.349	0	0	**48.349**
Payables to related parties	31.337	0	0	**31.337**
Other liabilities	65.726	0	0	**65.726**
Derivatives	0	0	0	**0**
Borrowing and finance lease	659.309	0	0	**659.309**
Total	**804.721**	**0**	**0**	**804.721**
Long term	661.847	0	0	**661.847**
Short term	142.874	0	0	**142.874**
Total	**804.721**	**0**	**0**	**804.721**

31/12/2015 Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Trade Payables	52.706	0	0	**52.706**
Payables to related parties	21.603	0	0	**21.603**
Other liabilities	80.084	0	0	**80.084**
Derivatives	0	0	0	**0**
Borrowing and finance lease	754.240	0	0	**754.240**
Total	**908.633**	**0**	**0**	**908.633**
Long term	737.173	0	0	**737.173**
Short term	171.460	0	0	**171.460**
Total	**908.633**	**0**	**0**	**908.633**

Below is the analysis of the financial assets and liabilities of the Company excluding cash and cash equivalents:

31/12/2016 Financial assets:	Loans and receivables	Available for sale financial assets	Total
Trade receivables	47.542	0	**47.542**
Receivables from related parties	89.352	0	**89.352**
Prepaid expenses and other receivable	38.292	0	**38.292**
Bad debtors provisions	-47.032	0	**-47.032**
Other quoted financial assets	0	24	**24**
Other unquoted financial assets	0	1.459	**1.459**
Total	**128.154**	**1.483**	**129.637**
Long term	144	1.483	**1.627**
Short term	128.010	0	**128.010**
Total	**128.154**	**1.483**	**129.637**

31/12/2015 Financial assets:	Loans and receivables	Available for sale financial assets	Total
Trade receivables	52.440	0	**52.440**
Receivables from related parties	102.188	0	**102.188**
Prepaid expenses and other receivable	19.275	0	**19.275**
Bad debtors provisions	-46.611	0	**-46.611**
Other quoted financial assets	0	24	**24**
Other unquoted financial assets	0	3.219	**3.219**
Total	**127.292**	**3.243**	**130.535**
Long term	200	3.243	**3.443**
Short term	127.092	0	**127.092**
Total	**127.292**	**3.243**	**130.535**

31/12/2016 Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Trade Payables	10.468	0	0	**10.468**
Payables to related parties	46.432	0	0	**46.432**
Other liabilities	8.971	0	0	**8.971**
Derivatives	0	0	0	**0**
Borrowing and finance lease	237.348	0	0	**237.348**
Total	**303.219**	**0**	**0**	**303.219**
Long term	237.348	0	0	**237.348**
Short term	65.871	0	0	**65.871**
Total	**303.219**	**0**	**0**	**303.219**

31/12/2015 Financial liabilities	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total
Trade Payables	10.339	0	0	**10.339**
Payables to related parties	45.248	0	0	**45.248**
Other liabilities	6.613	0	0	**6.613**
Derivatives	0	0	0	**0**
Borrowing and finance lease	282.031	0	0	**282.031**
Total	**344.231**	**0**	**0**	**344.231**
Long term	280.673	0	0	**280.673**
Short term	63.558	0	0	**63.558**
Total	**344.231**	**0**	**0**	**344.231**

Estimated fair value

Below is a comparison by category of carrying amounts and fair values of financial assets and liabilities of the Group and the Company as at 31 December 2016 and 31 December 2015:

	GROUP			
	Carrying Amount		Fair Value	
Financial Assets	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Other long-term financial assets - classified as "available for sale"	21.910	26.085	21.910	26.085
Other long-term receivables	22.407	70.225	22.407	70.225
Trade and other short-term receivables	169.979	202.732	169.979	202.732
Cash and cash equivalents	164.401	276.609	164.401	276.609
Total	**378.697**	**575.651**	**378.697**	**575.651**
Financial Liabilities				
Long-term loans	643.892	716.094	656.502	708.265
Other long-term liabilities	17.271	19.113	17.271	19.113
Liabilities from finance leases	684	1.966	684	1.966
Trade and other short term payables	128.141	135.280	128.141	135.280
Short-term loans	14.733	36.180	14.791	36.412
Total	**804.721**	**908.633**	**817.389**	**901.036**

	COMPANY			
	Carrying Amount		Fair Value	
Financial Assets	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Other long-term financial assets - classified as "available for sale"	1.483	3.243	1.483	3.243
Other long-term receivables	144	200	144	200
Trade and other short-term receivables	128.010	127.092	128.010	127.092
Cash and cash equivalents	20.356	35.859	20.356	35.859
Total	**149.993**	**166.394**	**149.993**	**166.394**
Financial Liabilities				
Long-term loans	237.348	280.673	237.348	280.673
Trade and other short term payables	65.871	62.200	65.871	62.200
Short-term loans and finance lease	0	1.358	0	1.358
Total	**303.219**	**344.231**	**303.219**	**344.231**

The management estimated that the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value, primarily because of their short term maturities.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements to them. The levels of the fair value hierarchy are as follows:

Level 1: official quoted prices (unadjusted) in markets with significant volume of transactions for similar assets or liabilities

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

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

The Group and the Company held on 31/12/2016 the following assets and liabilities measured at fair value:

GROUP	Fair Value 31/12/2016	Fair value hierarchy		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**21.910**	**1.949**	**0**	**19.961**
- Quoted shares	*1.949*	*1.949*	*0*	*0*
- Unquoted shares	*19.961*	*0*	*0*	*19.961*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

COMPANY	Fair Value 31/12/2016	Fair value hierarchy		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**1.483**	**24**	**0**	**1.459**
- Quoted shares	*24*	*24*	*0*	*0*
- Unquoted shares	*1.459*	*0*	*0*	*1.459*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

During 2016 there were no transfers between Level 1 and Level 2 of the fair value hierarchy, no transfers to and from Level 3.

The Group and the Company held on 31/12/2015 the following assets and liabilities measured at fair value:

GROUP	Fair Value 31/12/2015	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**26.085**	**1.812**	**0**	**24.273**
- Quoted shares	*1.812*	*1.812*	*0*	*0*
- Unquoted shares	*24.273*	*0*	*0*	*24.273*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

COMPANY	Fair Value 31/12/2015	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**3.243**	**24**	**0**	**3.219**
- Quoted shares	*24*	*24*	*0*	*0*
- Unquoted shares	*3.219*	*0*	*0*	*3.219*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

During 2015 there were no transfers between Level 1 and 2 in the hierarchy of fair value or transfer in and out of Level 3.

Reconciliation for recurring fair value measurements classified in the 3rd level of the fair value hierarchy:

Unquoted shares	GROUP	COMPANY
Balance 1/1/2015	**33.367**	**3.219**
Return of capital	-10.726	0
Period purchases	1.650	0
Exchange differences	-18	0
Balance 31/12/2015	**24.273**	**3.219**
Period purchases	1.450	0
Additions due to acquisition	90	0
Return of capital	-3.292	0
Fair value adjustment	-2.439	-1.760
Period disposals	-90	0
Exchange differences	-31	0
Balance 31/12/2016	**19.961**	**1.459**

Valuation methods and assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair values:

- Fair value of the quoted shares (classified as "Available for sale") derives from quoted market closing prices in active markets at the reporting date.
- Fair value of the unquoted shares (classified as "Available for sale") is estimated by reference to the current market value of another item substantially similar or using a DCF model. The valuation through the DCF model requires management to make certain assumptions about

the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- Fair value of the quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- 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. The fair value of these derivatives is measured mainly by reference of the market value and is verified by the financial institutions.

Description of significant unobservable inputs to valuation:

The fair value of unquoted shares (classified as "Available for sale") except that it is sensitive to a reasonably possible change in the forecast cash flows and the discount rate, is also sensitive to a reasonably possible change in growth rates. The valuation requires management to use unobservable inputs in the model, of which the most significant are disclosed in the tables below. The management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

Unquoted shares (classified as "Available for sale")

Valuation method	Significant unobservable inputs	Range (Weighted Average) 31/12/2016	31/12/2015
DCF	Sales growth rate	0.0% - 95.8% (5.3%)	6.0% - 6.0% (6.0%)
	Growth rate beyond budgets period	0.0% - 13.1% (4.1%)	0.0% - 6.0% (5.7%)
	Discount rates (WACC)	6.4% - 18.9% (18.2%)	7.9% - 19.5% (19.0%)

Sensitivity analysis of recoverable amounts:

On 31/12/2016, the Group analyzed the sensitivity of recoverable amounts in a reasonable and possible change in any of the above significant unobservable inputs (i.e. the change of one percentage point in the growth rate beyond the budgets period and discount rates). These analyses did not indicate a situation in which the carrying value of the Group's significant investments in unquoted shares exceeds their recoverable amount.

2.31 SUPPLEMENTARY INFORMATION

A. BUSINESS COMBINATION AND METHOD OF CONSOLIDATON

The companies included in the consolidation, with the relevant addresses and the relevant participation percentages are the following:

I. Full consolidation:		Domicile	% Direct Part'n	% Indirect Part'n	% Total Part'n
	INTRALOT SA	Maroussi, Greece	Parent	Parent	-
3.	BETTING COMPANY S.A.	Maroussi, Greece	95%	5%	100%
24.	BETTING CYPRUS LTD	Nicosia, Cyprus		100%	100%
	INTRALOT AUSTRALIA PTY LTD	Melbourne, Australia	100%		100%
28.	INTRALOT GAMING SERVICES PTY	Melbourne, Australia		100%	100%
	INTRALOT IBERIA HOLDINGS SA	Madrid, Spain	100%		100%
29.	INTRALOT JAMAICA LTD	Kingston, Jamaica		100%	100%
29.	INTRALOT TURKEY A.S.	Istanbul, Turkey	50%	49,99%	99,99%
29.	INTRALOT DE MEXICO LTD	Mexico City, Mexico		99,8%	99,8%
29.	INTRALOT CHILE SPA	Santiago, Chile		100%	100%
29.	INTELTEK INTERNET AS	Istanbul, Turkey	20%	25%	45%
30.	AZERINTELTEK AS	Baku, Azerbaijan		22,95%	22,95%
2,4.	INTRALOT DE PERU SAC [3]	Lima, Peru	95,18%	4,82%	100%
	POLDIN LTD	Warsaw, Poland	100%		100%
	ATROPOS S.A.	Maroussi, Greece	100%		100%
	INTRALOT SERVICES S.A.	Paiania, Greece	100%		100%
	INTRALOT ADRIATIC DOO	Zagreb, Croatia	100%		100%
	BILYONER INTERAKTIF HIZMELTER AS GROUP	Istanbul, Turkey	50,01%		50,01%
	INTRALOT MAROC S.A.	Casablanca, Morocco	99,83%		99,83%
2.	GAMING SOLUTIONS INTERNATIONAL LTDA	Bogota, Colombia	99%	1%	100%
2.	INTRALOT INTERACTIVE S.A.	Maroussi, Greece	65,24%	30,70%	95,94%
	INTRALOT GLOBAL SECURITIES B.V.	Amsterdam, Netherlands	100%		100%
1.	INTRALOT FINANCE LUXEMBOURG S.A.	Luxembourg, Luxembourg		100%	100%
1.	INTRALOT CAPITAL LUXEMBOURG S.A.	Luxembourg, Luxembourg		100%	100%
1,2,3,4.	INTRALOT GLOBAL HOLDINGS B.V.	Amsterdam, Netherland		100%	100%
5.	INTRALOT INC	Atlanta, USA		100%	100%
12.	DC09 LLC	Wilmington, USA		49%	49%
5.	ILOT CAPITAL UK LTD	Hertfordshire, United Kingdom	0,02%	99,98%	100%
5.	ILOT INVESTMENT UK LTD	Hertfordshire, United Kingdom	0,02%	99,98%	100%
5.	INTRALOT NEDERLAND B.V.	Amsterdam, Netherlands		100%	100%
5.	LOTROM S.A.	Bucharest, Romania		60%	60%
5.	INTRALOT BEIJING Co LTD	Beijing, China		100%	100%
5.	TECNO ACCION S.A.	Buenos Aires, Argentina		50,01%	50,01%
5.	TECNO ACCION SALTA S.A.	Buenos Aires, Argentina		50,01%	50,01%
5.	MALTCO LOTTERIES LTD	Valetta, Malta		73%	73%
5.	INTRALOT NEW ZEALAND LTD	Wellington, New Zealand		100%	100%
5.	INTRALOT DO BRAZIL LTDA	Sao Paulo, Brazil		80%	80%
14.	OLTP LTDA	Rio de Janeiro, Brazil		80%	80%
5.	INTRALOT ARGENTINA S.A.	Buenos Aires, Argentina		100%	100%
5.	INTRALOT GERMANY GMBH	Munich, Germany		100%	100%
5.	INTRALOT HOLDING & SERVICES S.p.A. [1]	Rome, Italy		100%	100%
5,7.	INTRALOT GAMING MACHINES S.p.A. [1]	Rome, Italy		100%	100%
7.	INTRALOT ITALIA S.p.A [1]	Rome, Italy		100%	100%
13.	VENETA SERVIZI S.R.L. [1]	Mogliano Veneto, Italy		100%	100%
5.	INTRALOT SOUTH KOREA S.A.	Seoul, S. Korea		100%	100%
5.	INTRALOT FINANCE UK LTD	London, United Kingdom		100%	100%

	I. Full consolidation:	Domicile	% Direct Part'n	% Indirect Part'n	% Total Part'n
5.	INTRALOT ASIA PACIFIC LTD	Hong Kong, China		100%	100%
5.	WHITE EAGLE INVESTMENTS LTD	Hertfordshire, United Kingdom		100%	100%
5.	BETA RIAL Sp.Zoo	Warsaw, Poland		100%	100%
5.	POLLOT Sp.Zoo	Warsaw, Poland		100%	100%
15,16,17	TOTOLOTEK S.A.	Warsaw, Poland		95,45%	95,45%
5.	INTRALOT SLOVAKIA SPOL. S.R.O.	Bratislava, Slovakia		100%	100%
5.	SLOVENSKE LOTERIE A.S.	Bratislava, Slovakia		51%	51%
5.	NIKANTRO HOLDINGS Co LTD	Nicosia, Cyprus		100%	100%
19.	LOTERIA MOLDOVEI S.A.	Chisinau, Moldova	47,90%	32,85%	80,75%
5.	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	Nicosia, Cyprus		54,95%	54,95%
5,6.	ROYAL HIGHGATE LTD	Nicosia, Cyprus		35,08%	35,08%
5.	INTRALOT LEASING NEDERLAND B.V.	Amsterdam, Netherland		100%	100%
5.	INTRALOT IRELAND LTD	Dublin, Ireland		100%	100%
5.	BILOT INVESTMENT LTD	Sofia, Bulgaria		100%	100%
36.	EUROBET LTD	Sofia, Bulgaria		49%	49%
37.	EUROBET TRADING LTD	Sofia, Bulgaria		49%	49%
37.	ICS S.A.	Sofia, Bulgaria		49%	49%
5.	TECNO ACCION URUGUAY S.A.	Montevideo, Uruguay		50,10%	50,10%
5.	INTRALOT GLOBAL OPERATIONS B.V.	Amsterdam, Netherland		100%	100%
5,2.	GAMEWAY LTD	Valletta, Malta		100%	100%
5.	INTRALOT CYPRUS GLOBAL ASSETS LTD	Nicosia, Cyprus		100%	100%
8.	INTRALOT OOO	Moscow, Russia		100%	100%
26.	INTRALOT DISTRIBUTION OOO	Moscow, Russia		100%	100%
8.	INTRALOT ST. LUCIA LTD	Castries, Santa Lucia		100%	100%
9.	INTRALOT GUATEMALA S.A.	Guatemala City, Guatemala		100%	100%
10.	LOTERIAS Y APUESTAS DE GUATEMALA S.A.	Guatemala City, Guatemala		51%	51%
9.	INTRALOT DOMINICANA S.A.	St. Dominicus, Dominican Republic		100%	100%
9.	INTRALOT LATIN AMERICA INC	Miami, USA		100%	100%
9.	INTRALOT SURINAME LTD	Paramaribo, Suriname		100%	100%
9.	CARIBBEAN VLT SERVICES LTD	Castries, Santa Lucia		50,001%	50,001%
9.	INTRALOT CARIBBEAN VENTURES LTD	Castries, Santa Lucia		50,05%	50,05%
11.	SUPREME VENTURES LTD	Kingston, Jamaica		24,97%	24,97%
	INTRALOT HOLDINGS INTERNATIONAL LTD	Nicosia, Cyprus	100%		100%
2.	INTRALOT INTERNATIONAL LTD	Nicosia, Cyprus		100%	100%
3.	INTRALOT OPERATIONS LTD	Nicosia, Cyprus		100%	100%
2,4.	NETMAN SRL	Bucharest, Romania		100%	100%
2.	BILOT EOOD	Sofia, Bulgaria		100%	100%
20.	EUROFOOTBALL LTD	Sofia, Bulgaria		49%	49%
21.	EUROFOOTBALL PRINT LTD	Sofia, Bulgaria		49%	49%
2.	INTRALOT TECHNOLOGIES LTD	Nicosia, Cyprus		100%	100%
23.	INTRALOT LOTTERIES LTD	Nicosia, Cyprus	51%	49%	100%
23.	INTRALOT INVESTMENTS LTD	Nicosia, Cyprus	51%	49%	100%
2.	INTRALOT BUSINESS DEVELOPMENT LTD	Nicosia, Cyprus		100%	100%
2,4.	GAMING SOLUTIONS INTERNATIONAL SAC	Lima, Peru		100%	100%
2.	NAFIROL S.A.	Montevideo, Uruguay		100%	100%
2.	LEBANESE GAMES S.A.L	Beirut, Lebanon		99,99%	99,99%
2.	INTRALOT HONG KONG HOLDINGS LTD	Hong Kong, China		100%	100%
2.	ENTERGAMING LTD	Alderney, Guernsey		100%	100%
2.	INTRALOT BETTING OPERATIONS RUSSIA LTD	Nicosia, Cyprus		100%	100%
25.	FAVORIT BOOKMAKERS OFFICE OOO	Moscow, Russia		100%	100%

II. Equity method:		Domicile	% Direct Part'n	% Indirect Part'n	% Total Part'n
	LOTRICH INFORMATION Co LTD	Taipei, Taiwan	40%		40%
	INTRALOT SOUTH AFRICA LTD	Johannesburg, South Africa	45%		45%
2,3.	GOREWARD LTD	Taipei, Taiwan		49,99%	49,99%
31.	GOREWARD INVESTMENTS LTD	Taipei, Taiwan		49,99%	49,99%
31.	PRECIOUS SUCCESS LTD GROUP	Hong Kong, China		24,49%	24,49%
31.	GAIN ADVANCE GROUP LTD	Hong Kong, China		49,99%	49,99%
22.	KTEMS HOLDINGS CO LTD	Seoul, South Korea		49,99%	49,99%
31.	OASIS RICH INTERNATIONAL LTD	Taipei, Taiwan		44,99%	44,99%
32.	WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	Shanghai, China		44,99%	44,99%
5.	BIT8 LTD	Valletta, Malta		39%	39%
18.	SWITCH IT NV	Willemstad, Curacao		39%	39%
18.	FUTURE PLATFORMS LTD	Valletta, Malta		39%	39%
2.	UNICLIC LTD	Nicosia, Cyprus		50%	50%
27.	DOWA LTD	Nicosia, Cyprus		30%	30%
5.	GAMENET GROUP S.p.A.[4]	Rome, Italy		20%	20%
33.	GAMENET S.p.A. [2]	Rome, Italy		20%	20%
34.	INTRALOT HOLDING & SERVICES S.p.A. [1]	Rome, Italy		20%	20%
34,7.	INTRALOT GAMING MACHINES S.p.A. [1]	Rome, Italy		20%	20%
7.	INTRALOT ITALIA S.p.A [1]	Rome, Italy		20%	20%
13.	VENETA SERVIZI S.R.L. [1]	Rome, Italy		20%	20%
34.	GAMENET ENTERTAINMENT S.R.L.	Rome, Italy		20%	20%
35.	GAMECITY S.R.L.	Camaiore, Italy		20%	20%
34.	GAMENET SCOMMESSE S.p.A.	Rome, Italy		20%	20%
34.	GAMENET RENTING S.R.L.	Rome, Italy		20%	20%
34.	GAMENET FORMAZIONE S.R.L.	Rome, Italy		20%	20%
34.	GNETWORK S.R.L.	Rome, Italy		20%	20%
34.	VERVE S.p.A.	Campione d'Italia, Italy		10,20%	10,20%
34.	BILLIONS ITALIA S.R.L.	Rome, Italy		10,20%	10,20%
34.	JOLLY VIDEOGIOCHI S.R.L.	Rome, Italy		14%	14%
34.	NEW MATIC S.R.L.	Rome, Italy		10,20%	10,20%
34.	AGESOFT S.R.L.	Rome, Italy		12%	12%
	INTRALOT DE PERU SAC [3]	Lima, Peru	20%		20%

Subsidiary of the company:		
1: Intralot Global Securities BV	14: Intralot Do Brazil LTDA	27: Uniclic LTD
2: Intralot Holdings International LTD	15: Pollot Sp.Zoo	28: Intralot Australia PTY LTD
3: Intralot International LTD	16: White Eagle Investments LTD	29: Intralot Iberia Holdings S.A.
4: Intralot Operations LTD	17: Beta Rial Sp.Zoo.	30: Inteltek Internet AS
5: Intralot Global Holdings BV	18: Bit8 LTD	31: Goreward LTD
6: Intralot Betting Operations(Cyprus) LTD	19: Nikantro Holdings Co LTD	32: Oasis Rich International LTD
7: Intralot Holding & Services S.p.A.	20: Bilot EOOD	33: Gamenet Group S.p.A.
8: Intralot Cyprus Global Assets LTD	21: Eurofootball LTD	34: Gamenet S.p.A.
9: Intralot St.Lucia LTD	22: Gain Advance Group LTD	35: Gamenet Entertainment S.R.L.
10: Intralot Guatemala S.A.	23: Intralot Technologies LTD	36: Bilot Investment Ltd
11: Intralot Caribbean Ventures LTD	24: Betting Company S.A.	37: Eurobet Ltd
12: Intralot Inc	25: Intralot Betting Operations Russia LTD	
13: Intralot Italia S.p.A.	26: Intralot OOO	

[1] The companies Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi Srl were consolidated until 27/6/2016 with the full consolidation method and from 28/6/2016 with the equity method after the contribution from Intralot Global Holdings BV in Gamenet Group S.p.A. under the agreement with Trilantic Capital Partners Europe, the principal shareholder of Gamenet S.p.A. (note 2.31.A.VIII.A).

[2] The associate company Gamenet S.p.A. participates in Gamenet companies Renting S.R.L. (100%), Gamenet Formazione S.R.L. (100%) and Verve S.p.A. (51%) that were not consolidated as of 31/12/2016 since they were not considered material for the Group.

[3] The company Intralot De Peru SAC was consolidated until 24/11/2016 with the full consolidation method and from 25/11/2016 with the equity method following the sale of share 80% in NG Entertainment Peru S.A.C. (Note 2.31.A.VIII.A).

[4] The Group consolidated on 31/12/2016 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/7-30/9/2016 pursuant to IAS 28 para. 34, since the deadlines for the preparation and approval of the financial statements of the Group Gamenet Group S.p.A. are later than those of Intralot Group.

The entities Atropos S.A., Nafirol S.A., Intralot Dominicana S.A., Gaming Solutions International Ltda and Gain Advance Group LTD are under liquidation process.

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.

On 31/12/2016, the Group or its subsidiaries did not have any significant contractual or statutory restrictions on their ability to access or use the assets and settle the liabilities of the Group.

The following United Kingdom subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the statutory audit of individual company accounts by virtue of Section 479A of that Act:

Intralot Finance UK Ltd (company number 6451119)

White Eagle Investments Limited (company number 3450868)

Ilot Capital UK Limited (company number 9614324)

Ilot Investments UK Ltd (company number 9614271)

However, Intralot Finance UK Ltd has been audited in 2016 for IFRS Group reporting purposes.

III. Acquisitions:

A) Eurobet Ltd Group - Bulgaria

On April 2016, the Group announced the acquisition, through its Bulgarian subsidiary Bilot Investment Ltd, of a strategic stake in Eurobet Ltd a leading gaming company in Bulgaria. The Group acquired a 49% stake in Eurobet Ltd, a company that offers to the Bulgarian market numerical games and scratch tickets through a network of 1.100 points of sales countrywide. The Group already has a strong presence in Bulgaria, holding since 2002 a 49% share of Eurofootball Ltd, a company that offers Fixed Odds and Live Betting through a network of 850 shops.

The cost of the transaction amounts to €19,5 million and will be paid as follows: €5,85 million deposit and the remaining amount in installments over an 18 months period. The EV/EBITDA ratio for the acquisition of the share amounted to approximately 5x. The acquisition was completed in early July 2016, after approval by the Competition Protection Commission. The Eurobet Group (Eurobet Ltd, Eurobet Trading Ltd & ICS SA) is consolidated since July 2016 with the full consolidation method.

The fair values of the identifiable assets and liabilities of Eurobet Ltd Group on the acquisition date were:

	Fair Value
Tangible assets	3.000
Intangible assets	593
Other financial assets	90
Inventories	592
Trade and other short term receivables	5.023
Cash and cash equivalents	104
Long term loans	-2.451
Staff retirement indemnities	-10
Short term loans and finance lease	-1.108
Trade and other short term payables	-3.755
Short term provisions	-23
Total fair value of net identifiable assets	**2.055**

Fair value of net identifiable assets attributable to non-controlling interests	-1.048
Goodwill recognized on acquisition	18.493
Total acquisition consideration	**19.500**
Analysis of cash flows on acquisition:	
Cash and cash equivalents acquired	104
Acquisition consideration in cash	-5.850
Net cash flow on acquisition	**-5.746**
Acquisition consideration in cash paid after the acquisition date	-4.816
Net cash flow during the twelve months of 2016	**-10.562**

From the acquisition date (July 2016), the Eurobet Group contributed revenue (sale proceeds) amounting to €27.875 thousand and earnings before taxes from continuing operations amounting to €2.071 thousand.

B) Entergaming Ltd – United Kingdom

On late March 2016 the Group acquired 100% of the voting rights of Entergaming Ltd based in Alderney, an online sports betting operator with a significant player database. The Group acquired Entergaming Ltd to enrich the range of products offered and to expand its clientele.

The fair values of the identifiable assets and liabilities of Entergaming Ltd on the acquisition date were:

	Fair Value
Intangible assets	11.964
Long term liabilities	-9.774
Short term liabilities	-2.190
Total fair value of net identifiable assets	**0**
Goodwill recognized on acquisition	0
Total acquisition consideration	**0**
Analysis of cash flows on acquisition:	
Cash and cash equivalents acquired	0
Acquisition consideration in cash	0
Net cash flow on acquisition	**0**

C) Gamenet Group S.p.A. - Italia

During the third quarter of 2016, the associate company Gamenet Group S.p.A. (20%) acquired 70% of the Italian company Jolly Videogiochi S.R.L. and 51% of the Italian company New Matic S.R.L. operating in the AWP sector. It also acquired 100% of the Italian company Gamecity S.R.L., which owns a large game hall, and 60% of the Italian company Agesoft S.R.L. which operates in the gaming software development.

D) Future Platforms Ltd - Malta

During 2016, the associate Bit8 Ltd (39%) acquired by 100% the company Future Platforms Ltd based in Malta which is engaged in development and operation of gaming platforms.

IV. New Companies of the Group:

During the twelve months of 2016 the Group proceed to the establishment of the subsidiary companies Bilot Investment Ltd (100%), Intralot Chile S.p.A. (100%), Tecno Accion Uruguay S.A. (50,01%), Gameway Ltd (100%) and Intralot Global Operations B.V. (100%) and the associates

Gamenet Group S.p.A. (20%) and Goreward Investments Ltd (49,99%). In January 2017 the Group established the subsidiary Intralot Italian Investments B.V. (100%).

V. Changes in ownership percentage:

On September 2016 the Group increased its participation share in associates Bit8 Ltd and Switch IT NV from 35% to 39% after exercising a relevant right.

VI. Subsidiaries' Share Capital Increase:

During the twelve months of 2016 the Group completed a share capital increase through payment in cash in Netman SRL amounting €209 thousand, in Intralot Holding & Services SpA amounting € 13.610 thousand, in Ilot Capital UK Ltd amounting €5.630 thousand, in Ilot Investments UK Ltd amounting €5.630 thousand and in Veneta Servizi SRL amounting €15 thousand.

VII. Strike off - Disposal of Group Companies:

During 2016, the Group completed the liquidation and strike off of the associate Ktems Holdings Co LTD (March 2016), and the subsidiaries Intralot Distribution OOO (September 2016) and Intralot Investments Ltd (November 2016). In January 2017 the Group completed the liquidation and strike off of subsidiary Intralot Argentina S.A.

On 30/09/2016, the Group sold all the shares it held in subsidiary Intralot Suriname Ltd. The Net gain from the disposal of Intralot Suriname Ltd amounted to €370 thousand, which are presented in the Group's Income Statement (loss €60 thousand, under "Income/(expenses) from participations and investments" and gain €430 thousand in line "Exchange differences". The activities of Intralot Suriname Ltd will not be classified as discontinued since they were not material for the Group.

On August 2016, INTRALOT Group announced that it has entered into discussions on an exclusive basis with the company Tatts, regarding a possible sale of INTRALOT's business in Australia and New Zealand.

VIII. Discontinued Operations:

A) <u>Italy</u>

On 25/6/2016 the Group announced that it has signed an agreement, with Trilantic Capital Partners Europe, the main shareholder of Gamenet S.p.A ("Gamenet") in Italy, concerning the merge of the Group activities in Italy (subsidiaries Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi Srl) into those of Gamenet, one of the largest network concessionaires of VLT, AWP, betting and online gaming in the country. This announcement was made following the announcement of the signing of a Memorandum of Understanding (MoU) on 21/3/2016. Following the completion of the agreement on 27/6/2016 and the approval of the competent Competition Authority, the Group now participates with 20% in the combined operation (Gamenet Group S.p.A. – note 2.31.A.II), with a network of approximately 750 betting POS, that will continue to use INTRALOT's brand name, approximately 8.200 VLTs, over 50.000 AWPs and more than 60 gaming halls owned by the company. The above subsidiaries are presented in the geographical operating segment "European Union" (note 2.2). Since 31/3/2016 the above activities of the Group subsidiaries in Italy were classified as assets held for sale and discontinued operations.

Below are presented the results of discontinued operations of the Group subsidiaries in Italy for the first semester of 2016 (in 2016 they were consolidated with the full consolidation method until 27/6/2016) and the twelve months of 2015:

	1/1-30/6/2016	1/1-31/12/2015
Sale proceeds	323.256	575.775
Expenses	-332.739	-595.993
Other operating income	394	1.202
Other operating expenses	-1.150	-4.666
EBIT	**-10.239**	**-23.682**
EBITDA	**3.923**	**2.928**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-686	-922
Interest and similar expenses	-827	-433
Interest and similar income	3	48
Profit/(loss) before tax	**-11.749**	**-24.989**
Income tax	0	0
	-11.749	**-24.989**
Gain/(loss) from disposal of discontinued operations	45.185	0
Corresponding tax	0	0
Profit/(loss) after tax from discontinued operations	**33.436**	**-24.989**

Below are presented the results of discontinued operations of the Group subsidiaries in Italy for the fourth quarter of 2015 (in 2016 were consolidated with the full consolidation method until 27/6/2016):

	1/10-31/12/2015
Sale proceeds	166.473
Expenses	-171.962
Other operating income	737
Other operating expenses	-2.545
EBIT	**-7.297**
EBITDA	**-130**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-747
Interest and similar expenses	-110
Interest and similar income	11
Profit/(loss) before tax	**-8.143**
Income tax	0
	-8.143
Gain/(loss) from disposal of discontinued operations	0
Corresponding tax	0
Profit/(loss) after tax from discontinued operations	**-8.143**

The net assets held for sale of the Group subsidiaries in Italy amounted to €38.335 thousand on 30/06/2016, while the value of the Group's participation in the combined operation (Gamenet Group SpA) was estimated at €83.520 thousand, forming the gain from disposal (merge) of discontinued operations to €45.185 thousand which are reported in the Group's Income Statement (line "Net Profit / (loss) after tax from discontinued operations")

The net cash outflow of the Group during the transfer of discontinued operations in Italy amounted to €24.612 thousand, consisting of the cash contribution of the Group in the new combined operation amounting €13.610 thousand, the derecognition of the cash reserves of the merging subsidiaries of the Group amounting €7.502 thousand and the guarantee payment for tax losses of previous years of the Group amounting €3.500 thousand, which can be offset against future taxable profits of the new combined operation.

Below are presented the net cash flows of the discontinued operations of the Group subsidiaries in Italy for the first semester of 2016 (in 2016 they were consolidated with the full consolidation method until 27/6/2016) and the twelve months of 2015:

	1/1-30/6/2016	1/1-31/12/2015
Operating activities	4.443	947
Investing activities	-22.627	-3.656
Financing activities	-818	-867
Net increase / (decrease) in cash and cash equivalents for the period	**-19.002**	**-3.576**

Since the end of June, the Group consolidates 20% of the combined operation (Gamenet Group SpA - note 2.31.A.II) with the equity method, the results of which are presented in the line "Profit / (loss) from equity method consolidations" in the Income statement of the Group.

B) Peru

On 26/5/2016 the Group announced that it has reached an agreement with Nexus Group to sell 80% of Intralot de Peru S.A.C., its 100% owned subsidiary in Peru. After the completion of the transaction on 24/11/2016 the Group will continue to be the company's technological provider and will hold a 20% participation in Intralot de Peru S.A.C.'s share capital while NG Entertainment Peru S.A.C. 80%. Intralot de Peru S.A.C. operates numerical games and sports betting in the country through a network of 3.700 POS and the Internet. The agreement is in line with the Group's strategy to create, in selected countries, strategic partnerships with strong local partners that offer substantial synergies and local market know-how, strengthening the development of the local companies. The above subsidiary is presented in the geographical operating segment "America" (note 2.2). Since 30/6/2016 the above activities of the Group in Peru were classified as assets held for sale and discontinued operations.

Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the period 1/1-24/11/2016 (in 2016 they were consolidated with the full consolidation method until 24/11//2016) and for the twelve months of 2015:

	1/1-24/11/2016	1/1-31/12/2015
Sale proceeds	120.380	103.644
Expenses	-115.120	-99.166
Other operating income	20	580
Other operating expenses	-281	-179
EBIT	**4.999**	**4.879**
EBITDA	**9.024**	**9.746**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-16	-329
Interest and similar expenses	-299	-369
Interest and similar income	162	63
Exchange Differences	-16	-105
Profit/(loss) before tax	**4.830**	**4.139**
Income tax	-1.505	-1.316
	3.325	**2.823**
Gain/(loss) from disposal of discontinued operations	62.346	0
Corresponding tax	-10.618	0
Profit/(loss) after tax from discontinued operations	**55.053**	**2.823**

Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the period 1/10-24/11/2016 (in 2016 they were consolidated with the full consolidation method until 24/11/2016), and for the fourth quarter of 2015:

	1/10-24/11/2016	1/10-31/12/2015
Sale proceeds	21.667	28.067
Expenses	-21.078	-27.499
Other operating income	-1	291
Other operating expenses	-140	-148
EBIT	**448**	**711**
EBITDA	**1.106**	**1.985**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-6	-208
Interest and similar expenses	-46	-93
Interest and similar income	16	15
Exchange Differences	137	-326
Profit/(loss) before tax	**549**	**99**
Income tax	-112	-377
	437	**-278**
Gain/(loss) from disposal of discontinued operations	62.346	0
Corresponding tax	-10.618	0
Profit/(loss) after tax from discontinued operations	**52.165**	**-278**

The consideration price for the disposal of Intralot De Peru S.A.C. amounted to €64.716 thousand paid in November 2016. The net assets held for sale of Intralot De Peru S.A.C. on 24/11/2016 amounted to €15.180 thousand, while the value of the remaining participation of the Group (20%) was estimated at €16.179 thousand, forming the gross gain from disposal of discontinued operations to €65.715 thousand. Net of disposal costs, corresponding taxes and exchange differences reclassified from the translation reserve in the Group results, net profits from the sale of discontinued operations amounted to €51.728 thousand, which are presented in the Group's Income Statement (line "Net Profit / (loss) after tax from discontinued operations").

The net cash inflow for the Group during the transfer of discontinued operations in Peru (Intralot de Peru S.A.C.) amounted to €54.225 thousand, consisting of the consideration price, the derecognition of cash and cash equivalents of Intralot de Peru S.A.C. and the payment of taxes and transfer costs.
Below are presented the net cash flows of the Group's discontinued operations in Peru (Intralot de Peru S.A.C.).

	1/1-24/11/2016	1/1-31/12/2015
Operating activities	9.416	10.478
Investing activities	-11.075	-3.661
Financing activities	-626	-658
Net increase / (decrease) in cash and cash equivalents for the period	**-2.285**	**6.159**

C) Russia

In December 2016, the Group finally decided to discontinue its activities regarding the betting services provided through its subsidiary Favorit Bookmakers Office OOO in Russia. The above subsidiary is presented in the geographic operating segment "Rest of Europe" (note 2.2). On 31/12/2016 the above Group's activities in Russia were classified as discontinued operations pursuant to IFRS 5 par.13.

Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the twelve months of 2016 and 2015:

	1/1-31/12/2016	1/1-31/12/2015
Sale proceeds	0	0
Expenses	-1.023	-1.516
Other operating income	0	24
Other operating expenses	0	18
EBIT	**-1.023**	**-1.474**
EBITDA	**-240**	**-364**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-14.494	0
Interest and similar expenses	-209	-30
Interest and similar income	0	17
Exchange Differences	-131	183
Profit/(loss) before tax	**-15.857**	**-1.304**
Income tax	-8	28
Profit/(loss) after tax from discontinued operations	**-15.865**	**-1.276**

Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the fourth quarter of 2016 and 2015:

	1/10-31/12/2016	1/10-31/12/2015
Sale proceeds	0	0
Expenses	-118	-392
Other operating income	0	9
Other operating expenses	151	-6
EBIT	**33**	**-389**
EBITDA	**89**	**-48**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-14.494	0
Interest and similar expenses	-208	-7
Interest and similar income	-13	4
Exchange Differences	-24	102
Profit/(loss) before tax	**-14.706**	**-290**
Income Tax	36	25
Profit/(loss) after tax from discontinued operations	**-14.670**	**-265**

Below are presented the net cash flows of the Group's discontinued operations in Russia (Favorit Bookmakers Office OOO):

	1/1-31/12/2016	1/1-31/12/2015
Operating activities	-59	-299
Investing activities	0	19
Financing activities	-209	-30
Net increase / (decrease) in cash and cash equivalents for the period	**-268**	**-310**

Below are presented the Profit / (loss) after tax per share of the discontinued operations of the Group subsidiaries in Italy as well as those of Intralot de Peru S.A.C. and Favorit Bookmakers Office OOO:

Earnings / (loss) after tax per share (€) from discontinued operations	1/1-31/12/2016	1/1-31/12/2015
- basic	0,4591	-0,1479
- diluted	0,4591	-0,1479
Weighted Average number of shares	158.178.718	158.490.975

IX.Material partly-owned subsidiaries:

Provided below is financial information regarding subsidiaries which have significant non-controlling interests:

Proportion of equity interest held by non-controlling interests:				
Subsidiary Name	**Country of incorporation and operation**	**Geographic operating segment**	**31/12/2016**	**31/12/2015**
Inteltek Internet AS	Turkey	Other countries	55%	55%
Bilyoner Interaktif Hizmelter AS	Turkey	Other countries	49,99%	49,99%
Azerinteltek AS	Azerbaijan	Other countries	77,05%	77,05%
Lotrom SA	Romania	European Union	40%	40%
Eurofootball LTD	Bulgaria	European Union	51%	51%
Eurobet LTD[1]	Bulgaria	European Union	51%	-
Supreme Ventures LTD	Jamaica	America	75,03%	75,03%
Tecno Accion SA	Argentina	America	49,99%	49,99%

[1] Eurobet Ltd was consolidated for the first time in July 2016

Accumulated balances of material non-controlling interests per geographical operating segment:

	31/12/2016	31/12/2015
European Union	14.019	13.625
America	28.619	25.629
Other countries	23.229	29.687

Profit allocated to material non-controlling interests per operating geographical operating segment:

	1/1-31/12/2016	1/1-31/12/2015
European Union	10.856	11.600
America	9.293	11.228
Other countries	23.399	23.143

Below are provided the condensed financial statements of these subsidiaries per geographical operating segment. This information is based on amounts before intercompany eliminations in relation with transactions with the other entities of the Group (but after the relevant intersegment eliminations):

Summarised statement of profit or loss for the period 1/1-31/12/2016:			
	European Union	**America**	**Other Countries**
Sales Proceeds	296.873	350.720	207.633
Gross Profit / (Loss)	30.148	40.114	82.926
EBITDA	23.480	22.897	53.408
Profit / (Loss) before taxes	23.315	21.102	57.217
Taxes	0	-6.790	-15.662
Net Profit / (Loss) after taxes	**23.315**	**14.312**	**41.555**
Other Comprehensive Income after tax	-41	-1.767	-6.751
Total Comprehensive Income	**23.274**	**12.545**	**34.804**
Attributable to non-controlling interests	11.882	8.173	19.737
Dividends paid to non-controlling interests	13.150	5.134	22.186

Summarised statement of profit or loss for the period 1/1-31/12/2015:	European Union	America	Other Countries
Sales Proceeds	160.560	368.841	250.151
Gross Profit / (Loss)	28.427	51.407	86.826
EBITDA	23.874	30.101	56.302
Profit / (Loss) before taxes	23.763	25.989	62.130
Taxes	-1.498	-8.118	-20.338
Net Profit / (Loss) after taxes	**22.265**	**17.871**	**41.792**
Other Comprehensive Income after tax	-99	89	-8.792
Total Comprehensive Income	**22.166**	**17.960**	**33.000**
Attributable to non-controlling interests	11.561	11.788	18.243
Dividends paid to non-controlling interests	12.072	9.124	44.261

Summarised statement of financial position as at 31/12/2016:	European Union	America	Other Countries
Non-current assets	16.594	27.891	10.122
Current assets	41.735	28.085	75.716
Non-current liabilities	-1.604	-483	-17.641
Current liabilities	-8.767	-20.191	-23.429
Total equity	**47.958**	**35.302**	**44.768**
Attributable to:			
Shareholders of the parent company	24.891	10.607	20.343
Non-controlling interests	23.067	24.695	24.425

Summarised statement of financial position as at 31/12/2015:	European Union	America	Other Countries
Non-current assets	12.679	25.369	14.407
Current assets	40.089	28.549	84.500
Non-current liabilities	-86	-179	-17.477
Current liabilities	-5.092	-20.630	-23.976
Total equity	**47.590**	**33.109**	**57.454**
Attributable to:			
Equity holders of parent	24.723	9.650	26.510
Non-controlling interests	22.867	23.459	30.944

Summarised cash flow information for the year ending 31/12/2016:	European Union	America	Other Countries
Operating activities	24.671	12.049	34.012
Investing activities	-43	-4.682	3.107
Financing activities	-25.489	-9.327	-46.399
Net increase / (decrease) in cash and cash equivalents	**-861**	**-1.960**	**-9.280**

Summarised cash flow information for the year ending 31/12/2015:	European Union	America	Other Countries
Operating activities	24.213	17.958	17.139
Investing activities	-178	-2.860	4.131
Financing activities	-23.032	-19.439	-79.105
Net increase / (decrease) in cash and cash equivalents	**1.003**	**-4.341**	**-57.835**

X. Investments in companies consolidated with the equity method:

i) Investment in associates

The Group has significant influence over the below associates. The Group's interest in these associates is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investment in associates:

Participation percentage of the Group in the associate companies:			
Associate name	**Country of domicile and activity**	**31/12/2016**	**31/12/2015**
Lotrich Information Co LTD	Taiwan	40%	40%
Intralot South Africa LTD	South Africa	45%	45%
Gamenet Group S.p.A.[1]	Italy	20%	-
Intralot De Peru S.A.C.[2]	Peru	20%	-
Bit8 LTD Group	Malta	39%	35%
Goreward LTD Group	China	49,99%	49,99%

¹ The group Gamenet Group S.p.A. is consolidated since 1/7/2016.

² Intralot De Peru S.A.C. is consolidated with the equity method since 25/11/2016.

Summarised statement of financial position as at 31/12/2016:						
	Lotrich Information Co LTD	**Intralot South Africa LTD**	**Gamenet Group S.p.A.[1]**	**Intralot De Peru S.A.C.**	**Bit8 LTD Group**	**Goreward LTD Group**
Non-current assets	494	0	233.170	16.464	2.200	119.369
Current assets	18.034	416	167.560	10.711	1.635	23.152
Non-current liabilities	0	0	-231.602	-138	-1.000	-56
Current liabilities	-2.899	-86	-98.158	-15.178	-734	-14.166
Total equity	**15.629**	**330**	**70.970**	**11.859**	**2.101**	**128.299**
Group's carrying amount of the investment	**6.065**	**0**	**83.532**	**15.217**	**5.492**	**70.500**

¹ The Group consolidated on 31/12/2016 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/7-30/9/2016 pursuant to IAS 28 para. 34.

Summarised statement of financial position as at 31/12/2015:				
	Lotrich Information Co LTD	**Intralot South Africa LTD**	**Bit8 LTD Group**	**Goreward LTD Group**
Non-current assets	6.236	0	1.134	43.759
Current assets	15.785	428	1.394	26.265
Non-current liabilities	0	0	-1.000	-69
Current liabilities	-7.632	-83	-455	-22.209
Total equity	**14.389**	**345**	**1.073**	**47.746**
Group's carrying amount of the investment	**5.570**	**376**	**5.303**	**29.614**

Summarised statement of profit or loss for the period 1/1-31/12/2016:	Lotrich Information Co LTD	Intralot South Africa LTD	Gamenet Group S.p.A.[1]	Intralot De Peru S.A.C.	Bit8 LTD Group	Goreward LTD Group
Sales Proceeds	6.603	0	230.509	12.846	4.296	12.893
Gross Profit / (Loss)	1.529	-5	48.736	2.536	2.831	-5.891
EBITDA	840	-65	19.137	12	1.682	-565
Profit / (Loss) before taxes	717	-61	-804	-5.790	1.044	-6.417
Taxes	-151	0	-165	1.235	0	0
Profit / (Loss) after taxes	**566**	**-61**	**-969**	**-4.555**	**1.044**	**-6.417**
Other Comprehensive Income after tax	673	51	0	330	0	6.121
Total Comprehensive Income after taxes	**1.239**	**-10**	**-969**	**-4.225**	**1.044**	**-296**
Group's share of total comprehensive income of the period after taxes	**495**	**-5**	**12**	**-962**	**-605**	**184**
Dividends received by the Group from the associate	0	0	0	0	0	0

[1] The Group consolidated on 31/12/2016 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/7-30/9/2016 pursuant to IAS 28 para. 34.

Summarised statement of profit or loss for the period 1/1-31/12/2015	Lotrich Information Co LTD	Intralot South Africa LTD	Bit8 LTD Group	Goreward LTD Group
Sales Proceeds	7.818	1.662	1.093	22.929
Gross Profit / (Loss)	2.179	232	840	-5.930
EBITDA	1.535	-525	186	-230
Profit / (Loss) before taxes	1.483	411	-65	-12.734
Taxes	-63	0	0	0
Net Profit / (Loss) after taxes	**1.420**	**411**	**-65**	**-12.734**
Other Comprehensive Income after tax	872	-92	0	18.023
Total Comprehensive Income after taxes	**2.292**	**319**	**-65**	**5.289**
Group's share of total comprehensive income of the period after taxes	**917**	**-100**	**-447**	**3.774**
Dividends received by the Group from the associate	0	59	0	0

Reconciliation of the summarized financial information presented to the carrying amount of investments:	Lotrich Information Co LTD	Intralot South Africa LTD	Gamenet Group S.p.A.	Intralot De Peru S.A.C.	Bit8 LTD Group	Goreward LTD Group
Carrying amount of Investment as of 31/12/2014:	**4.653**	**1.835**	**0**	**0**	**0**	**25.872**
Net Profit / (Loss) after taxes of the period	568	185	0	0	-447	-4.369
Other Comprehensive Income after tax of the period	349	-285	0	0	0	8.143
Dividends	0	-59	0	0	0	0
New consolidated entities	0	0	0	0	5.750	0
Return of capital	0	-1.300	0	0	0	0
Exchange differences	0	0	0	0	0	-32
Carrying amount of Investment as of 31/12/2015:	**5.570**	**376**	**0**	**0**	**5.303**	**29.614**
Profit / (Loss) after taxes of the period	226	-28	12	-1.028	-605	-3.151
Other Comprehensive Income after tax of the period	269	23	0	66	0	2.967
New consolidated entities/change in consolidation method	0	0	83.520	16.179	0	0
Acquisition of additional stake	0	0	0	0	800	0
Additions/contribution in kind	0	0	0	0	0	51.104
Impairment	0	-369	0	0	0	-10.034
Other	0	-2	0	0	-6	0
Carrying amount of Investment as of 31/12/2016:	**6.065**	**0**	**83.532**	**15.217**	**5.492**	**70.500**

The associates had no other contingent liabilities or capital commitments as at 31 December 2016 and 2015, except as disclosed in Note 2.32.A

ii) Investment in Joint Ventures

The Group holds 50% in Uniclic LTD Group (consisting of Uniclic LTD and its 60% subsidiary, Dowa LTD), a consortium based in Cyprus. The Group consolidates this venture with the equity method applying the IFRS 11 "Schemes under common control". The carrying value of the investment in the joint venture Uniclic LTD Group is not significant for the Group's data.

B. REAL LIENS

A Group subsidiary in Malta has a banking facility amounting to €4,3 million to be used for the issuance of bank guarantee letters. This facility is secured by an initial general mortgage on all the subsidiary's present and future assets (At 31/12/2016 the used guarantee letters amounted to €4,0 million). Also a Group subsidiary in Bulgaria has secured a € 2,6 million loan pledging its overall commercial activity and the fixed assets of its subsidiary.

There are no other restrictions than the above, in the ownership or transfer or other encumbrances on the Group's property.

On December 31, 2016 the Group had no contractual commitments for the purchase of tangible assets.

C. PROVISIONS

GROUP	Legal issues [1]	Unaudited fiscal years and tax audit expenses [2]	Other provisions [3]	Total provisions
Period opening balance	**4.795**	**3.852**	**6.628**	**15.275**
Period additions	2	5.600	1.084	**6.686**
Used provisions	0	0	-580	**-580**
Unused provisions	0	0	-21	**-21**
Discounting	0	0	42	**42**
Acquisition of subsidiary	0	0	24	**24**
Disposal of subsidiary /change in consolidation method	-136	-123	-387	**-646**
Translation differences	426	0	-355	**71**
Period closing balance	**5.087**	**9.329**	**6.435**	**20.851**
Long term provisions	**5.087**	**5.070**	**734**	**10.891**
Short term provisions	**0**	**4.259**	**5.701**	**9.960**
Total	**5.087**	**9.329**	**6.435**	**20.851**

[1] Relate to legal issues as analyzed in note 2.32.A.

[2] Relate to provisions for the coverage of differences from future audits for income taxes and other taxes. It is expected to be used in the next 1-3 years.

[3] Relate to provisions for risks none of which are individually material to the Group except from provisions for additional fees (bonus) and other employee benefits of the Group amounting to €3.072 thousand as well as provisions for future payments under "onerous contracts" as provided by IAS 37 amounting to € 1.487 thousand. The Other provisions are expected to be used in the next 1-6 years.

COMPANY	Legal issues [1]	Unaudited fiscal years and tax audit expenses [2]	Other provisions	Total provisions
Period opening balance	**4.665**	**3.269**	**91**	**8.025**
Period additions	0	5.600	0	**5.600**
Translation differences	423	0	0	**423**
Period closing balance	**5.088**	**8.869**	**91**	**14.048**
Long term provisions	**5.088**	**5.000**	**0**	**10.088**
Short term provisions	**0**	**3.869**	**91**	**3.960**
Total	**5.088**	**8.869**	**91**	**14.048**

[1] Relate to legal issues as analyzed in note 2.32.A.

[2] Relate to provisions for the coverage of differences from future audits for income taxes and other taxes. It is expected to be used in the next 1-3 years.

D. PERSONNEL EMPLOYED

The number of employees of the Group at the end of the current fiscal year amounted to 5.293 persons (subsidiaries 3.449 and associates 1.844) and the Company's to 689 persons. At the end of 2015 fiscal year the number of employees of the Group amounted to 5.080 persons (subsidiaries 4.963 and associates 117) and the Company 660 persons.

E. RELATED PARTY DISCLOSURES

Intralot SA purchases goods and services and/or provides goods and services to various related companies, in the ordinary course of business. These related companies consisting of subsidiaries, associates or other related companies which have common ownership and / or management with Intralot SA.

Below is a condensed report of the transactions for the twelve months of 2016 and the balances on 31/12/2016 of other related parties:

Amounts reported in thousand of €	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
a) Income				
-from subsidiaries	0	0	41.972	49.674
-from associates - joint ventures	2.565	2.931	2.200	2.954
-from other related parties	5.853	13.343	5.558	9.514
b) Expenses				
-to subsidiaries	0	0	21.283	29.516
-to associates - joint ventures	-391	420	-489	-118
-to other related parties	10.377	7.659	8.826	5.144
c) Receivables (A)				
-from subsidiaries	0	0	73.222	82.868
-from associates - joint ventures	10.480	15.709	5.788	8.839
-from other related parties	16.102	16.150	10.342	10.481
d) Payables (B)				
-to subsidiaries	0	0	265.797	311.300
-to associates - joint ventures	562	647	6	108
-to other related parties	30.637	20.771	17.737	15.625
e) BoD and Key Management Personnel transactions and fees	10.550	11.938	4.806	6.068
f) BoD and Key Management Personnel receivables	298	711	0	0
g) BoD and Key Management Personnel payables	476	507	239	246
(A) The respective amounts analysed as follows:				
Total due from related parties	26.880	32.570	89.352	102.188
(less) long term portion (Note 2.18)	4.176	8.796	28	28
Short term from related parties (Note 2.19)	**22.704**	**23.774**	**89.324**	**102.160**
(B) The respective amounts analysed as follows:				
Total due to related parties	31.675	21.925	283.779	327.279
(less) long term loans	0	0	237.347	280.673
(less) long term liabilities (Note 2.27)	0	1.665	0	0
Short term to related parties (Note 2.28 & 2.29)	31.675	**20.260**	**46.432**	**46.606**

Sales and services to related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs in cash. No guarantees have been provided or received for the above receivables.

In the twelve months of 2016, the Group made provisions concerning an estimate of reduction in the recoverable amount of receivables from joint venture amounting €4,3 million and loans to joint venture amounting €4,8 million (twelve months of 2015: €0 million) that were recorded in the Income Statement of the period.

In the twelve months of 2016, the Company made a reversal of provisions concerning an estimate of reduction of recoverable value of receivables from subsidiaries amounting to €14,4 million due to realized and expected relevant receipts of these subsidiaries (twelve months of 2015: €37,3 million.) that was recorded in the income statement for the period. Alongside in the twelve months of 2016 the Company made provisions concerning an estimate of reduction in the recoverable amount of receivables from subsidiaries amounting €10,6 million (twelve months 2015: €4,1 million) that were recorded in the Income Statement for the period while provisions of €0,7 million carried out in previous years were eventually used due to the merger of the Group's activities in Italy and the disposal of subsidiary Intralot Suriname Ltd. The accumulated relevant provisions on 31/12/2016 amounted to €37,4 million (31/12/2015: €41,9 million). Meanwhile, during the twelve months of 2016 the Company made write-offs of subsidiaries receivables amounting €1,3 million due to the merger of the Group's activities in Italy and the disposal of its subsidiary Intralot Suriname Ltd which were reported in the income statement for the period. Also, during the twelve months of 2016, the Company made provisions concerning an estimate of reduction of recoverable value of receivables from joint venture amounting €4,3 million (twelve months of 2015: €0 million) that were recorded in the income statement of the period.

2.32 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

A. LITIGATION CASES

a. On 5th September 2005 a lawsuit 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 lawsuit the plaintiff withdrew of the lawsuit filed against the Company and OPAP SA 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, in case of the hearing of the case, the above-mentioned lawsuit 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 Court of First Instance 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 for precipitation of the plaintiff the case was heard on 1st December 2005. By its decision No 2412/2006 the Multi-member Court of First Instance 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. On 23rd July 2014 an application for cassation was served to the company which has been heard, following a postponement, on 2nd February 2015 and the decision no 1062/2015 was issued referring the case for hearing before the plenary session of the Supreme Court. The case was heard before the plenary session of the Supreme Court on the 16th February 2017 and the issue of the decision is pending.

c. 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 Court of First Instance. 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. On 17 October 2015 an appeal was served to the company against the above decision, which was scheduled to be heard before the Athens Court of Appeals on 11 February 2016; on that date the hearing was postponed for 22 September 2016 due to lawyers strike when it was cancelled, while following a request of the plaintiff a new hearing date is set for 9 March 2017 when the case has been heard and the issue of the decision is pending.

d. On 26th July 2011 a lawsuit 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 had been initially set for 6th March 2014 when it was postponed for 10 November 2016. Before the hearing the plaintiff withdrew from the lawsuit. The estimate of the legal advisors of the Company is that in any case the lawsuit, if it will be heard, has no serious chance of success.

e. The Company and its subsidiary "Intralot International Limited" and Mr. Socratis P. Kokkalis, filed before the Athens Multi-member Court of First Instance their lawsuit dated 1st 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 Athens Multi-member Court of First Instance issued its decision partially accepting the lawsuit; "Glory Technology Limited" is obliged to pay €50.000 to the first plaintiff, €25.000 to the second plaintiff and €25.000 to the third plaintiff. No appeal of the other party has been served to the Company yet. The Company filed an appeal against the decision requesting that the lawsuit to be accepted in total; no hearing date has been set for the appeal.

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 were requesting 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 had been scheduled for 16th October 2013. On 23rd September 2013, the plaintiffs withdrew from the lawsuit.

f. In Turkey, GSGM filed before the Ankara Tax Court a lawsuit against the local Tax Authority requesting the annulment of a penalty amounting to TRY 5.075.465 (€1.368.935) 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 29th August 2008 with İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("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 was rejected by the Turkish Council of State which validated the decision of the first instance court that had cancelled the penalty. The Tax Authority applied for the correction of the decision which is pending.

g. In Turkey the companies Teknoloji Holding A.Ş. and Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Ticaret A.Ş have filed a lawsuit against Intralot and Inteltek claiming that due to wrong calculation of the reserves of the years 2005 and 2006, the distributed dividends to the then shareholders of Inteltek should have been higher and for this reason they are requesting that the amount of TL 609.310,40 (€164.341) plus interest to be paid to them. Next date for the hearing of the case is set the 13th June 2017.

h. 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 (€7,5m). 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. On 31 August 2016 an application was served to the Company requesting to render the abovementioned arbitration decision as executable in Greece; the application was scheduled to be heard before the Athens One-Member First Instance Court on 1 November 2016 when the hearing was postponed for the 16th December 2016 in order to be heard together with an intervention filed by the Company requesting the dismissal of the application. On that date the hearing was postponed for the 6th February 2017 when the case was heard and the issue of the decision is pending. The Company has created relative provision in its financial statements part of which (€2,4m) has already been used for the payment to Etesa of a letter of guarantee amounting to 7.694.081.042 Colombian pesos.

i. 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. Mr. Petre Ion initiated an enforcement procedure of the above decision in Romania. The companies will exercise legal means against the enforcement procedure according to the provisions of the Romanian laws.

j. Mr. Petre Ion filed in Romania a lawsuit against Intralot Holdings International Ltd and LOTROM requesting to issue a decision to replace the share purchase contract of its shares in LOTROM SA for €2.500.000 (for which he had filed the above lawsuit) in order to oblige Intralot Holdings International Ltd a) to pay the amount of €400.000 as tax on the above price, b) to sign on the shareholders book for the transfer of the shares, c) to pay the price of the transfer and the legal costs. The Court of First Instance rejected Mr. Petre Ion's lawsuit. Mr. Petre Ion filed an appeal which was heard on 4 November 2014 and was partially accepted. The Company filed an appeal against this decision which was rejected. Following postponements, the case was heard on 10 June 2016 and the respective first instance decision was issued on 19 July 2016; the lawsuit against LOTROM was rejected while it was accepted partially in respect to its part filed against Intralot Holdings International Ltd., obligating the latter to pay the amount of the purchase and the legal expenses. Both Intralot Holdings International Ltd. and Mr. Petre Ion filed appeals against this decision. No hearing date for the appeals has been scheduled.

k. On 24 April 2013 the Company was notified of the existence of a research conducted by the Competition Board of Romania in relation to the contract signed in 2003 with Compania Nationala Loteria Romana regarding the Videolotto program. The Competition Board of Romania imposed a fine to the Company amounting to 5.541.874 ROL (€1.220.946) and to the subsidiary LOTROM to 512.469 ROL (€112.904). The Company and its subsidiary LOTROM filed a lawsuit against the respective decision requesting its annulment and the suspension of its execution. The applications for the suspension of validity of the above decision of the Competition Board were rejected and the Company and its subsidiary LOTROM filed appeals; no hearing date has been scheduled yet. Also, an application for the suspension of execution was filed by Intralot, scheduled to be heard on 13th November 2014, date on which the Court decided to suspend the issue of the decision until the competent court decides on the main recourse filed for annulment of the decision of the Competition Board. Against said decision an appeal was filed which has been rejected. Finally, the applications for the annulment of the decision of the Competition Board filed by LOTROM and INTRALOT were accepted by the court and the respective fines were cancelled. Against LOTROM and the respective abovementioned decision, the Competition Board of Romania filed an appeal which has not been yet scheduled for hearing. Until now, no appeal has been served to INTRALOT against the decision which accepted its application for annulment.

l. In Romania, the subsidiary Lotrom was notified on the beginning of an investigation conducted by the competent authorities against the state lottery CNLR, client of the Group, in relation to alleged occurrence of the crime of conducting games of chance without license and possible complicity to that, in relation to the operation of Video Lottery machines of CNLR; the Group was the technology provider of CNLR from 2003 to 2014. Intralot was notified, through rogatory procedure, that itself along with LOTROM and Intracom, are alleged to be accomplices of the state lottery CNLR to the abovementioned crimes. Intralot refuted with a memo duly submitted within February 2016, the above allegations. Due to the early stage of the procedure and the nature of the case as well as due to the secrecy of the investigation procedures, neither further comments on the issue nor any estimation of any possible negative financial effect on the financials of the group can be provided.

m. 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 was filed against the respective decision which is pending. In relation to all remaining shops a second instance decision of the Ministry of Finance was issued revoking their licenses. The company has filed recourses before Administrative Courts which were rejected at the first and second instance except one case for which the hearing date before the second instance court is pending. "Totolotek Totomix SA" intends to file further legal means against the above decisions. 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. Following the abovementioned decisions of the Ministry of Finance regarding the revocation of the licenses, a fine amounting to 480.000 Euro was imposed to the company. The company filed a recourse against this decision and the court issued, on 13 May 2015, its decision vindicating "Totolotek Totomix SA" and cancelled the fine, while the respective appeal filed was rejected by the Warsaw Supreme Court rendering final the decision of the court which cancelled the fine.

n. In Italy, the company Tike Games S.r.l. filed a lawsuit before the civil courts of Rome requesting a compensation in the amount of 378.400 Euro in relation to a contract signed with Intralot Italia S.p.A. which now belongs to the group of Gamenet SpA where Intralot group has 20% participation. Intralot Italia S.p.A. had terminated the above contract due to material breach of an exclusivity undertaking provision when Intralot Italia SpA realized that the plaintiff had installed in its point of sale gaming machines (AWPs and VLTs) of a third party-concessionaire which was not approved by Intralot Italia S.p.A. The plaintiff claims that Intralot Italia S.p.A. is responsible for the compensation since it delayed to install the respective gaming machines. Following the hearing of 6th May 2015, the court set the next hearing date for 13 January 2016 when the case was heard and the decision vindicated Intralot Italia S.p.A.. The opinion of the external legal advisors is that the above lawsuit will not finally succeed.

o. 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.

p. 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 approx. €240.000 and from a services agreement calculated as a percentage 4% on the turnover of the subsidiary. On August 23rd, 2013, the decision of the local court was issued dismissing the lawsuit. The plaintiff filed an appeal and a decision was issued at the end of July 2014 which refers the case for a new hearing before the Court of First Instance. The court accepted the claim of the plaintiff in relation to the amounts owed due to his labor relationship but rejected the claim for remuneration resulting from a services agreement. The company filed an appeal before the Supreme Labor Court which is pending.

q. On 30 July 2012, Intralot filed before the Athens Multi-member Court of First Instance a lawsuit against the company "Hellenic Organization of Horse Racing S.A." (ODIE) requesting the payment of the amount of €2.781.381,15 relating to system maintenance services provided but not paid. The case was heard on 6th May 2015 and the issue of the decision is pending.
Moreover, Intralot filed a recourse to the arbitration panel on 13 August 2012 against the same company ODIE requesting the payment of the amount of €9.551.527,34 relating to operational services of integrated system provided but not paid. The arbitration was concluded on 1st March 2013 and the arbitration decision no 27/2013 was issued vindicating Intralot and compelling ODIE to pay to Intralot the total amount requested (€9.551.527,34). In order to secure its claims, Intralot:
a) by virtue of the above arbitration decision, has already recorded on the mortgage books of the Land Registry Office of Kropia a mortgage on a land property of ODIE and specifically on the property where the Horse Racetrack of Athens in Markopoulo Attica is operating, and on the buildings thereupon, for an amount of €11.440.655,35.
b) by virtue of the decision no 2209/2014 of the Athens Single Member Court of First Instance, has already recorded on the mortgage books of the Land Registry Office of Kropia, a note of mortgage on the same real estate of ODIE for an amount of €9.481.486,11.
c) advanced the procedure of compulsory execution against ODIE in order to execute its claims.
Furthermore, on 20 March 2014, Intralot filed before the Athens Multi-member Court of First Instance a lawsuit against ODIE requesting the payment of the amount of €8.043.568,69 which is owed to it pursuant to the "Agreement of Maintenance and Operation of the System of the Mutual Betting on Horse Races of ODIE" dated 6 March 2012. The hearing date was 17th February 2016 but on that date the hearing was postponed for 4 October 2017 due to lawyers' strike.
The confiscation on the above land property of ODIE in Markopoulo Attica imposed in the frame of the abovementioned procedure of compulsory execution against ODIE, was reversed with the consent of Intralot on 15 December 2015 in execution of the terms of the agreement dated 24 November 2015 between Intralot and ODIE which settled the payment of all above claims of Intralot. Pursuant to this agreement, ODIE assigned to Intralot 2/3 of the rent which it will receive from the lease agreement relating to that real estate to the company "Ippodromies SA". The payment of the assigned rent amounts has already been started.

r. In Italy, the company Stanley International Betting Ltd filed a recourse before the administrative courts of Lazio against the State Autonomous Administrative Monopolies (AAMS) and eventually against all companies to which licenses for conducting betting activities have been granted, including Intralot Italia SpA, (which now belongs to the group of Gamenet SpA where Intralot group has 20% participation) requesting the annulment of the legislative decree of 2012 which provided for the granting of licenses for betting activities for three years, the annulment of the tenders conducted in 1999 and 2006 and the betting licenses granted pursuant to them for twelve and nine years respectively.
The hearing of the case was made on 5 February 2014 and the court decided to suspend the issue of the decision until the European Court of Justice responds on some preliminary queries which have been set by the court of second instance relating to a recourse of Stanley International Betting Ltd against AAMS and the companies SNAI S.p.A. and Intralot Italia S.p.A. which was rejected at the first instance and was related, among others, to the legality of the participation of Stanley International Betting Ltd to the tenders of 1999 and 2006. The second instance court (Consiglio di Stato) rejected the appeal of Stanley International Betting Ltd following a decision of the European Court which was negative for Stanley International Betting Ltd, while a second recourse of the other party is pending before the court of first instance.

s. In Italy, pursuant to a law passed in December 2014, a decision was issued by the Italian Autonomous Administration of State Monopolies (AAMS) on 15th January 2015, according to which, all companies that operate gaming machines are required to pay to the Italian Autonomous Administration of State Monopolies (AAMS) the amount of 1,2K Euro per gaming machine which was in operation on 31st December 2014. The total balance due by all the industry companies is €500 million. The amount corresponding to Intralot Gaming Machines S.p.A. (which now belongs to the group of Gamenet SpA where Intralot group has 20% participation), is approximately €13 million. Intralot Gaming Machines S.p.A., together with all the industry companies, have appealed to the competent administrative court against both the abovementioned law and the decision of AAMS, requesting the annulment thereof for being unconstitutional as well as the suspension of the execution of the law and of AAMS's decision. The request for the suspension of execution was rejected by the competent court on 1st April 2015. The case regarding the constitutionality was heard on 1st July 2015 and the decision issued requested from the parties to submit additional information. Following a new hearing on 21 October 2015, the court, on 17 November 2015, decided to suspend the issue of the decision and to refer the case before the Constitutional Court. No hearing date before the Constitutional Court has been scheduled. Intralot Gaming Machines S.p.A. has exercised the right conferred by Law to recharge almost all of that tax to the sales network.

t. A former officer of the Company filed a lawsuit before the Athens First Instance Court requesting the payment of the amount of €121.869,81 as non-paid wages. The hearing had been scheduled for 25 May 2016 when it was postponed for 4 June 2018 due to lawyers' abstention from hearings. The Legal Department of the Company considers that, following the hearing of the case, the above-mentioned lawsuit would not be successful.

u. In Poland a lawsuit was filed against the subsidiary "Totolotek Totomix SA" by a player of betting games; he claims that the amount of 861.895PLN (€195.428) which was not paid by the abovementioned subsidiary because of violation of the betting regulations by the plaintiff, is due to him.

"Totolotek Totomix SA" has requested the case to be heard before the Warsaw courts (instead of the courts of the town Torun) and this application was accepted, however the plaintiff has filed a recourse requesting that the case to be heard before the courts of Torun which was rejected by the court and the case will be heard by the Warsaw courts.

v. There is a dispute pending between on the one hand the subsidiary company Intralot Leasing Netherlands B.V. in its capacity as lessee and the Company in its capacity as guarantor and on the other hand the company Econocom Nederland B.V. with respect to a sale and leaseback of equipment agreement dated 28 March 2013 and more specifically in relation to a claim of Econocom Nederland B.V. for further payments to it. As per the agreement's terms, a stand-by letter of credit issued by the French bank Societe Generale in the amount of €5mil. had been delivered to Econocom Nederland B.V. The Company requested from the competent French court in Paris this stand-by letter of credit not to be called and the court issued a temporary decision restricting Societe Generale from paying any amount from the above stand-by letter of credit to Econocom Nederland B.V. until the hearing of the case, following postponement, on 17 January 2017. Additionally, the Company filed injunctions in the Netherlands against Econocom Nederland B.V. and the court accepted the respective application and prohibited Econocom Nederland B.V. to request the payment of the abovementioned letter of guarantee and of the relevant corporate guarantee, until the issue of the final judgement, ordering Econocom Nederland B.V. to pay a penalty of €10m in case of breach of the prohibition. A lawsuit was also filed with a request to be recognized that no further amounts are due to Econocom Nederland B.V. by virtue of the above agreement. Against the injunctions decision Econocom Nederland B.V. filed an appeal for which no hearing date has been scheduled.

Until 27/03/2017, 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. FISCAL YEARS UNAUDITED BY THE TAX AUTHORITIES

I) AFFILIATE COMPANIES

COMPANY	YEARS	COMPANY	YEARS
INTRALOT S.A.	2012-2016	SLOVENSKE LOTERIE A.S.	2012-2016
BETTING COMPANY S.A.	2007-2016	TORSYS S.R.O. [2]	2012-2013
BETTING CYPRUS LTD	2011-2016	TACTUS S.R.O. [2]	2012-2014
INTRALOT AUSTRALIA PTY LTD	2012-2016	NIKANTRO HOLDINGS Co LTD	2011-2016
INTRALOT GAMING SERVICES PTY	2012-2016	LOTERIA MOLDOVEI S.A.	2014-2016
INTRALOT IBERIA HOLDINGS SA	2012-2016	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	2011-2016
INTRALOT JAMAICA LTD	2010-2016	ROYAL HIGHGATE LTD	2008-2016
INTRALOT TURKEY A.S.	2012-2016	INTRALOT LEASING NEDERLAND B.V.	2013-2016
INTRALOT DE MEXICO LTD	2006-2016	INTRALOT IRELAND LTD	2014-2016
INTRALOT CHILE SPA	2016	BILOT INVESTMENT LTD	2016
INTELTEK INTERNET AS	2012-2016	EUROBET LTD	2013-2016
AZERINTELTEK AS	2012-2016	EUROBET TRADING LTD	2013-2016
POLDIN LTD	2011-2016	ICS S.A.	2012-2016
ATROPOS S.A.	2010-2016	TECNO ACCION URUGUAY S.A.	2016
INTRALOT SERVICES S.A.	2015-2016	INTRALOT GLOBAL OPERATIONS B.V.	2016
INTRALOT ADRIATIC DOO	2015-2016	GAMEWAY LTD	2016
BILYONER INTERAKTIF HIZMELTER AS GROUP	2012 & 2014-2016	INTRALOT CYPRUS GLOBAL ASSETS LTD	2012-2016
INTRALOT MAROC S.A.	2016	INTRALOT OOO	2014-2016
GAMING SOLUTIONS INTERNATIONAL LTDA	2011-2016	INTRALOT DISTRIBUTION OOO	-
INTRALOT INTERACTIVE S.A.	2010-2016	INTRALOT ST. LUCIA LTD	2011-2016
INTRALOT GLOBAL SECURITIES B.V.	2013-2016	INTRALOT GUATEMALA S.A.	2009-2016
INTRALOT FINANCE LUXEMBOURG S.A.	2013-2016	LOTERIAS Y APUESTAS DE GUATEMALA S.A.	2009-2016
INTRALOT CAPITAL LUXEMBOURG S.A.	2014-2016	INTRALOT DOMINICANA S.A.	2009-2016
INTRALOT GLOBAL HOLDINGS B.V.	2013-2016	INTRALOT LATIN AMERICA INC	2008-2016
INTRALOT INC	2011 & 2013-2016	INTRALOT SURINAME LTD	2008-2016
DC09 LLC	2011-2016	CARIBBEAN VLT SERVICES LTD	2012-2016
ILOT CAPITAL UK LTD	2015-2016	INTRALOT CARIBBEAN VENTURES LTD	2011-2016
ILOT INVESTMENT UK LTD	2015-2016	SUPREME VENTURES LTD	2010-2016
INTRALOT NEDERLAND B.V.	2010-2016	INTRALOT HOLDINGS INTERNATIONAL LTD	2012-2016
LOTROM S.A.	2011-2016	INTRALOT INTERNATIONAL LTD	2010-2016
INTRALOT BEIJING Co LTD	2007-2016	INTRALOT OPERATIONS LTD	2011-2016
TECNO ACCION S.A.	2012-2016	NETMAN SRL	2011-2016
TECNO ACCION SALTA S.A.	2015-2016	BILOT EOOD	2012-2016
MALTCO LOTTERIES LTD	2004-2016	EUROFOOTBALL LTD	2012-2016
INTRALOT NEW ZEALAND LTD	2011-2013	EUROFOOTBALL PRINT LTD	2012-2016
INTRALOT DO BRAZIL LTDA	2012-2016	INTRALOT TECHNOLOGIES LTD	2011-2016
INTRALOT MINAS GERAIS LTDA [1]	2012	INTRALOT LOTTERIES LTD	2011-2016
OLTP LTDA	2012-2016	INTRALOT INVESTMENTS LTD	2012-2016
INTRALOT ARGENTINA S.A.	2012-2016	INTRALOT BUSINESS DEVELOPMENT LTD	2011-2016
INTRALOT GERMANY GMBH	2012-2016	GAMING SOLUTIONS INTERNATIONAL SAC	2012-2016
INTRALOT SOUTH KOREA S.A.	2007-2016	NAFIROL S.A.	-
INTRALOT FINANCE UK LTD	2015-2016	LEBANESE GAMES S.A.L	-
INTRALOT ASIA PACIFIC LTD	2016	INTRALOT HONG KONG HOLDINGS LTD	2015-2016
WHITE EAGLE INVESTMENTS LTD	2015-2016	ENTERGAMING LTD	-
BETA RIAL Sp.Zoo	2011-2016	INTRALOT BETTING OPERATIONS RUSSIA LTD	2011-2016
POLLOT Sp.Zoo	2011-2014 & 2016	FAVORIT BOOKMAKERS OFFICE OOO	2014-2016
TOTOLOTEK S.A.	2011-2016	INTRALOT DE COLOMBIA (BRANCH)	2011-2016
INTRALOT SLOVAKIA SPOL. S.R.O.	2014-2016		

[1] The subsidiary company Intralot Minas Gerais Ltda has merged with Intralot Do Brazil Ltda
[2] The subsidiary companies Torsys SRO and Tactus SRO have merged with Slovenske Loterie AS

The tax audits were completed in Bilyoner Interaktif Hiizmelter AS Group for the year 2013, in Pollot Sp. Zoo for the year 2015, in Eurofootball LTD for the period 2010-2011 in Intralot Germany Gmbh (regarding the payroll tax) for the years 2012-2015, in Supreme Ventures Ltd (regarding the VAT) for the period 2008-2009, in Intralot New Zealand Ltd (regarding the taxation of intellectual property rights) for the period 2014-2016 and in Intralot Leasing Nederland BV (regarding the VAT) for the year 2013. From the aforementioned tax audits no tax liability arose. In Intralot Maroc S.A. the tax authorities carried out an audit on income tax for the period 2012-2015, on VAT for the period 2011-2015 and on withholding tax on equity for the period 2012-2015. By conducting the aforementioned tax audits in Morocco a tax charge amounting €1,66 million was generated. Also, the temporary tax audits in Intralot Finance Luxemburg SA for the year 2014 and Intralot Capital Luxemburg SA for the period 2014-2015 were completed.

In Lotrom S.A. the audit initiated by the local tax authorities with respect to financial activities for transactions subject to VAT for the period 2004-2014 was completed in the fourth quarter of 2016. So far the conclusion report has not been yet notified to the company.

Tax audits are in progress in Royal Highgate LTD for the period 2008-2012, in Intralot Jamaica LTD for the period 2010-2012, in Bilyoner Interaktif Hiizmelter AS for the year 2014, in Tecno Accion S.A., for the period 2014-2015, in Intralot Inc for the year 2015, in στην Supreme Ventures Ltd (regarding VAT) for the period 2010-2013. In AzerInteltek AS the tax audit is in progress for the period 2012-2016 as during 2016 the tax audit annulled previous audit outcomes regarding the tax audit results of the years 2012 & 2013. The tax audit is regular and is not expected to result in additional taxes and fines. Under the L.2238/94 Art. 82 par.5 of POL.1159/2011, the companies Betting Company S.A. and Intralot Interactive S.A. received a tax certificate for the years 2011-2015, the company Intralot S.A. for the years 2014-2015 and the company Intralot Services S.A. for the year 2015. For the abovementioned Greek S.A. is in progress the issuance of tax certificate for the year 2016.

Also in Intralot SA during the tax audit for the year 2011, were imposed taxes on accounting differences plus surcharges amounting to €3,9 million. The Company lodged an administrative appeal against the relevant control sheets resulting in a reduction of taxes of €3,34 million. The Company filed new appeals to the Greek Administrative Courts. The company's management and its legal advisors estimate that the appeals will thrive finally for the most part. The Company has formed sufficient provisions and has paid the whole amount of taxes. Also a partial reaudit was contacted for the years 2007 & 2008 without incurring any tax liability for the Company. Also there is an ongoing tax audit for the year 2012.

II) ASSOCIATE COMPANIES & JOINT VENTURES

COMPANY	PERIODS
LOTRICH INFORMATION Co LTD	2015-2016
INTRALOT SOUTH AFRICA LTD	2015-2016
GOREWARD LTD	-
GOREWARD INVESTMENTS LTD	-
PRECIOUS SUCCESS LTD GROUP	2013-2016
GAIN ADVANCE GROUP LTD	-
KTEMS HOLDINGS CO LTD	-
OASIS RICH INTERNATIONAL LTD	-
WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	2016
BIT8 LTD	2016
SWITCH IT NV	-
FUTURE PLATFORMS LTD	2016
UNICLIC LTD	2004-2016
DOWA LTD	2004-2016
GAMENET GROUP S.p.A.	2016
GAMENET S.p.A.	2011-2016
INTRALOT HOLDING & SERVICES S.p.A.	2011-2016

COMPANY	PERIODS
INTRALOT GAMING MACHINES S.p.A.	2012-2016
INTRALOT ITALIA S.p.A	2011-2016
VENETA SERVIZI S.R.L.	2011-2016
GAMENET ENTERTAINMENT S.R.L.	2011-2016
GAMECITY S.R.L.	2011-2016
GAMENET SCOMMESSE S.p.A.	2011-2016
GAMENET RENTING S.R.L.	2011-2016
GAMENET FORMAZIONE S.R.L.	2011-2016
GNETWORK S.R.L.	2011-2016
VERVE S.p.A.	2011-2016
BILLIONS ITALIA S.R.L.	2011-2016
JOLLY VIDEOGIOCHI S.R.L.	2011-2016
NEW MATIC S.R.L.	2011-2016
AGESOFT S.R.L.	2011-2016
INTRALOT DE PERU S.A.C.	2015-2016
SERVICIOS TRANSDATA S.A. [1]	2012-2013

[1] The subsidiary company Servicios Transdata SA has merged with Intralot De Peru S.A.C.

In Intralot South Africa LTD and Lotrich Information Co Ltd the tax audit for the year 2014 was completed, while it is in progress the tax audit for 2015. Also are in progress tax audits in Gamenet Entertainment Srl for the year 2014, in New Matic Srl for the year 2011. In Wusheng Computer Technology (Shanghai) Co Ltd the tax audit was completed for the year 2015 and in Intralot De Peru S.A.C. for the period 2013-2014. From the above tax audits no tax liability was disclosed. In Servicios Transdata S.A the tax audit for income tax has been completed in 2014, for the year 2008 and VAT for the period 1/1/2008-30/6/2009 imposing additional taxes and fines amounting to €3,4 million. The company has launched an objection procedure in accordance with the relevant legislation to cancel the imposed taxes and fines. The company's legal consultants believe that the most possible outcome of the case will be positive.

C. COMMITMENTS

(i) Operating lease payment commitments:

On 31 December 2016 within the Group there have been various operating lease agreements relating to rental of buildings and motor vehicles. Rental costs have been included in the income statement for the period ended on 31 December 2016. Future minimum lease payments of non-cancelable lease contracts as at 31 December 2016 are as follows:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Within 1 year	8.084	9.192	883	939
Between 2 and 5 years	9.840	15.826	1.607	1.862
Over 5 years	1.156	2.902	870	1.180
Total	**19.080**	**27.920**	**3.360**	**3.981**

(ii) Guarantees:

The Company and the Group on 31 December 2016 had the following contingent liabilities from guarantees for:

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Bid	1.423	919	0	919
Performance	209.743	238.918	55.119	73.397
Financing	33.889	50.253	33.216	42.181
Total	**245.055**	**290.090**	**88.335**	**116.497**

	GROUP	
	31/12/2016	31/12/2015
Guarantees issued by the parent and subsidiaries:		
- third party	230.780	290.090
- third party on behalf of affiliates	14.275	0
Total	**245.055**	**290.090**

	COMPANY	
	31/12/2016	31/12/2015
Guarantees issued by the parent:		
- third party on behalf of subsidiaries	70.622	113.060
- third party on behalf of affiliates	14.276	0
- third party on behalf of the parent	3.437	3.437
Total	**88.335**	**116.497**

(iii) Financial lease payment commitments:

GROUP	Minimum of the lease payments 31/12/2016	Present value of the minimum lease payments 31/12/2016	Minimum of the lease payments 31/12/2015	Present value of the minimum lease payments 31/12/2015
Within one year	1.534	1.460	7.124	6.815
After one year but not more than five years	709	684	2.059	1.966
After more than five years	0	0	0	0
Minus: Interest	-99	0	-402	0
Total	**2.144**	**2.144**	**8.781**	**8.781**

The Company has no obligations under finance leases.

	GROUP	
	31/12/2016	31/12/2015
Long-term leases		
Leases in EUR	16	1.136
Leases in USD	551	830
Leases in BGL	108	0
Leases in BRL	9	0
Total	**684**	**1.966**
Short-term leases		
Leases in EUR	1.119	6.038
Leases in USD	306	771
Leases in BGL	30	6
Leases in BRL	5	0
Total	**1.460**	**6.815**
Total	**2.144**	**8.781**

2.33 FINANCIAL RISK MANAGEMENT

Description of significant risks and uncertainties

The Group's international activities create several financial risks in the Group's operation, due to constant changes in the global financial environment. The Group beyond the traditional risks of liquidity risk and credit risk also faces market risk. The most significant of these risks are currency risk and interest rate risk. The risk management program is a dynamic process that is constantly evolving and adapted according to market conditions and aims to minimize potential negative impact on financial results. The basic risk management policies are set by the Group Management. The risk management policy is implemented by the Treasury Department of the Group which operates under specific guidelines approved by management.

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.

The following tables summarize the maturity of the financial liabilities of the Group based on contractual undiscounted payments.

GROUP	31/12/2016			
Financial Liabilities:	0-1 years	1-5 years	> 5 years	Total
Creditors (note 2.28)	48.349	0	0	**48.349**
Payables to related parties (note 2.27 & 2.28)	31.337	0	0	**31.337**
Other payables (note 2.27 & 2.28)	48.455	17.271	0	**65.726**
Loans and finance leases (note 2.24 & 2.29)	14.733	643.215	1.361	**659.309**
Total	**142.874**	**660.486**	**1.361**	**804.721**

GROUP	31/12/2015			
Financial Liabilities:	0-1 years	1-5 years	> 5 years	Total
Creditors (note 2.28)	52.706	0	0	**52.706**
Payables to related parties (note 2.27 & 2.28)	19.938	1.665	0	**21.603**
Other payables (note 2.27 & 2.28)	62.636	17.448	0	**80.084**
Loans and finance leases (note 2.24 & 2.29)	36.180	493.717	224.343	**754.240**
Total	**171.460**	**512.830**	**224.343**	**908.633**

COMPANY	31/12/2016			
Financial Liabilities:	0-1 years	1-5 years	> 5 years	Total
Creditors (note 2.28)	10.468	0	0	**10.468**
Payables to related parties (note 2.27 & 2.28)	46.432	0	0	**46.432**
Other payables (note 2.27 & 2.28)	8.971	0	0	**8.971**
Loans and finance leases (note 2.24 & 2.29)	0	237.348	0	**237.348**
Total	**65.871**	**237.348**	**0**	**303.219**

COMPANY	31/12/2015			
Financial Liabilities:	0-1 years	1-5 years	> 5 years	Total
Creditors (note 2.28)	10.339	0	0	**10.339**
Payables to related parties (note 2.27 & 2.28)	45.248	0	0	**45.248**
Other payables (note 2.27 & 2.28)	6.613	0	0	**6.613**
Loans and finance leases (note 2.24 & 2.29)	1.358	275.673	5.000	**282.031**
Total	**63.558**	**275.673**	**5.000**	**344.231**

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 the period 1/1 – 31/12/2016 (in thousand €)			
Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
USD:	5%	188	2.024
	-5%	-170	-1.831
TRY:	5%	2.451	248
	-5%	-2.218	-225
PEN:	5%	286	632
	-5%	-259	-572
BRL:	5%	130	-1.228
	-5%	-117	1.111
JMD:	5%	634	1.032
	-5%	-573	-934
ARS:	5%	634	82
	-5%	-573	-75
RON:	5%	-14	675
	-5%	13	-610

Sensitivity Analysis in Currency movements amounts of the period 1/1 – 31/12/2015 (in thousand €)			
Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
USD:	5%	-572	2.665
	-5%	517	-2.411
TRY:	5%	2.693	855
	-5%	-2.437	-774
PEN:	5%	152	134
	-5%	-137	-121
BRL:	5%	-534	-456
	-5%	483	412
JMD:	5%	658	970
	-5%	-595	-877
ARS:	5%	709	-167
	-5%	-642	151
RON:	5%	-52	797
	-5%	47	-721

DERIVATIVE FINANCIAL INSTRUMENTS

To cover currency risk from future cash flows in foreign currency, the Group proceeded during 2016 to conclusion of related hedging contracts with Greek and international financial institutions, for Parent Company and its subsidiaries. These contracts concerned forwards and flexible forwards for future cash flows amounting to USD126,0 mill., TRY58,5 mill. and AUD6,0 mill..

The Group of the fair valuation and liquidation of these derivatives, showed a loss of €0,8 mill. recognized in results for the year 2016.
As at December 31,2015, the Group of the fair valuation and settlement of derivative products presented a profit of €0,5 mill. recognized in income.

2) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's activities are closely linked to interest rates because of investments and long and short term borrowings. To manage this risk category, the Group uses financial hedging instruments in order to reduce its exposure to interest rate risk. The Group's policy on managing its exposure to interest rate risk affects not only the parent company but also its subsidiaries for their loans concluded in euros or local currency. The Group's exposure to the risk of changes in market interest rates relates primarily to long-term borrowings of the Group's floating rate. The Group also manages interest rate risk by having a balanced portfolio of loans with fixed and floating rate borrowings. On December 31, 2016, taking into account the impact of financial hedging products, approximately 75% of the Group's borrowings are at a fixed rate (2015: 71%). As a result, the impact of interest rate fluctuations in operating results and cash flows of the Group's operating activities is small, as shown in the following sensitivity analysis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates after the impact of financial hedging products. With all other variables held constant, the Group's profit before tax is affected by the impact on floating rate, as follows:

Sensitivity Analysis of Group Loans in interest rate risk

Year 2016	Change in interest rate	Effect on profit before tax
Euribor 1M	+/- 1%	1.600

Year 2015	Change in interest rate	Effect on profit before tax
Euribor 1M	+/- 1%	2.000

CAPITAL MANAGEMENT

The Group aims through capital management to ensure the smooth functioning ability of the Group in the future, shareholders value maximization and maintaining the appropriate capital structure in terms of capital costs.

The Group monitors its capital adequacy based on the ratio of net debt to EBITDA. Net debt includes borrowings and finance lease liabilities minus cash and cash equivalents.

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Long term loans (note 2.24)	643.892	716.094	237.348	280.673
Long term finance lease liabilities	684	1.966	0	0
Short term loans (note 2.29)	13.273	29.365	0	1.358
Short term finance lease liabilities	1.460	6.815	0	0
Total Debt	**659.309**	**754.240**	**237.348**	**282.031**
Minus: Cash and cash equivalents	-164.401	-276.609	-20.356	-35.859
Net Debt	**494.908**	**477.631**	**216.992**	**246.172**
EBITDA	**175.839**	**164.892**	**-495**	**45.729**
Leverage ratio	**2,81**	**2,90**	**n/a**	**5,38**

2.34 COMPARABLE FIGURES

In the data presented in the previous year were limited size adjustments / reclassifications for comparative purposes, without significant impact on equity, turnover and profit after tax for the previous year the Group and the Company.

2.35 SUBSEQUENT EVENTS

On February 2017, Intralot Inc, a subsidiary of INTRALOT Group in the United States, announced the signing of the contract with the Idaho Lottery of the United States, after an open and highly competitive bidding process which was completed in December 2016 to provide Lottery Gaming System services. The contract is for a ten year period starting October 1, 2017, through September 30, 2027, with an option to extend for up to a maximum of two additional five-year terms. INTRALOT has been supplying the Idaho Lottery since 2007. The contract value for the initial term is estimated at USD60 million to provide a secure central gaming system capable of delivering, managing, and accounting for all current in-state and multi-state Draw Games, inventory control and logistics for the full complement of Scratch Games, and other related services.

In March 2017, INTRALOT and AMELCO announced the signing of a definitive agreement for a strategic partnership to develop a suite of next-generation sports betting products. Under the partnership INTRALOT will integrate modules of AMELCO's market-leading ATS platform to develop a new groundbreaking, omni-channel sports-betting solution. This new product will be tailored to suit the needs of regulated lotteries and pure sports betting operators globally, catering to customers' needs across all channels. The project will see INTRALOT and AMELCO's technical teams working side by side to co-develop a unique product that combines the strong retail expertise of INTRALOT with the innovative functionality of AMELCO's online sportsbook platform. The new omni-channel product will build upon AMELCO's core ATS sportsbook platform, which is already used by a range of top-tier operators. ATS will be integrated with INTRALOT's proven, WLA-approved retail lottery solution to create the new, customized solution.

Maroussi, 29 March 2017

THE CHAIRMAN OF THE BOARD OF DIRECTORS	**THE GROUP CEO**
S.P. KOKKALIS **ID. No. AI 091040**	**A.I. KERASTARIS** **ID. No. AI 682788**
THE GROUP CFO	**THE GROUP ACCOUNTING DIRECTOR**
G. SP. KOLIASTASIS **ID No. Σ 699882**	**N. G.PAVLAKIS** **ID.No. AZ 012557** **H.E.C. License** **No. 15230/ A' Class**

3. Summary Financial Information for the year January 1 to December 31, 2016

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)
Company Domicile: 64 Kifissias Av. & 3 Premetis Str., Maroussi 15125
Figures and information for the period from 1st January 2016 to 31st December 2016
According to the article 135 of C.L. 2190/1920, for Companies preparing annual consolidated and single financial statements in accordance with IAS/IFRS
Amounts in €'000

The figures presented below aim to provide summary information about the financial position and results of INTRALOT S.A. and INTRALOT's Group. Therefore, it is recommended to any reader who is willing to proceed to any kind of investment decision or other transaction concerning the company, to visit the company's web site where the Financial Statements according to IFRSs are posted, accompanied by the Auditor's Report where appropriate.

Regulatory Authority:
Ministry of Economy, Development and Tourism, Department for Companies and G.E.MI.

Financial Statements approval date:
March 29, 2017

Web site:
www.intralot.com

Certified Auditor:
Evaggelos D. Kosmatos Reg.No/S.O.E.L 13561
Georgios N. Deligiannis Reg.No/S.O.E.L 15791

Auditing firm:
S.O.L S.A Reg. No/S.O.E.L. 125
Grant Thornton Reg. No/S.O.E.L. 127

Type of auditor's audit report:
Unqualified opinion

Board of Directors:
Chairman: Socrates P. Kokkalis
Vice-Chairman: Constantinos G. Antonopoulos **
CEO: Antonios I. Kerastaris
Member: Konstantinos S. Kokkalis **
Member: Dimitrios C. Klonis **
Member: Petros C. Souretis **
Member: Sotirios N. Filos *
Member: Anastasios M. Tsoufis *
Member: Ioannis P. Tsoukaridis *
*Independent Non executive directors
**Non executive directors

STATEMENT OF FINANCIAL POSITION GROUP / COMPANY

	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
ASSETS				
Tangible Assets	126.962	166.445	15.391	17.338
Investment Property	6.038	5.805	0	0
Intangible Assets	329.582	328.827	90.044	83.144
Other Non-Current Assets	231.874	146.288	157.367	175.737
Inventories	32.250	42.591	18.888	24.064
Trade Receivables	84.792	123.060	55.007	63.169
Other Current Assets	249.588	356.281	93.359	99.782
TOTAL ASSETS	**1.061.086**	**1.169.297**	**430.056**	**463.234**
EQUITY AND LIABILITIES				
Share Capital	47.689	47.689	47.689	47.689
Other Equity Elements	79.853	81.874	49.119	52.569
Shareholders Equity (a)	**127.542**	**129.563**	**96.808**	**100.258**
Non-Controlling Interest (b)	68.944	77.819	0	0
Total Shareholders Equity (c)=(a)+(b)	**196.486**	**207.382**	**96.808**	**100.258**
Long-term Debt	644.576	718.060	237.348	280.673
Provisions / Other Long term Liabilities	49.580	48.772	20.032	14.777
Short-term Debt	14.733	36.180	0	1.358
Other Short-term Liabilities	155.711	158.903	75.868	66.168
Total Liabilities (d)	**864.600**	**961.915**	**333.248**	**362.976**
TOTAL EQUITY AND LIABILITIES (c)+(d)	**1.061.086**	**1.169.297**	**430.056**	**463.234**

STATEMENT OF CHANGES IN EQUITY GROUP / COMPANY

	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 31/12/2015
Net equity at the beginning of the period (1/1/2016 and 1/1/2015 respectively)	**207.382**	**317.539**	**100.258**	**103.683**
Effect on retained earnings from previous years adjustments	-5	118	0	0
Total comprehensive income / (expenses) for the year after tax (continuing and discontinued operations)	36.120	-27.832	-2.231	-3.425
Subsidiary share capital return	-3.292	0	0	0
New consolidated entities	1.048	0	0	0
Dividends to equity holders of parent / non-controlling interest	-43.548	-68.915	0	0
Effect due to change in ownership percentage	0	-13.528	0	0
Treasury shares repurchase	-1.219	0	-1.219	0
Net Equity of the period Closing Balance (31/12/2016 and 31/12/2015 respectively)	**196.486**	**207.382**	**96.808**	**100.258**

CASH FLOW STATEMENT GROUP / COMPANY (total operations)

	GROUP 1/1-31/12/2016	GROUP 1/1-31/12/2015	COMPANY 1/1-31/12/2016	COMPANY 1/1-31/12/2015
Operating Activities				
Profit/(loss) before Taxation (continuing operations)	4.753	47.893	9.410	2.424
Profit/(loss) before Taxation (discontinued operations)	84.528	-22.154	0	0
Plus/Less				
Depreciation and Amortization	86.873	98.190	11.565	10.158
Provisions	25.402	9.625	11.129	4.404
Results(income, expenses, gain and loss)from Investing Activities	-88.875	-183	-45.385	-20.971
Interest and similar expenses	88.825	68.640	19.878	24.842
Interest and similar income	-11.952	-18.020	-3.636	-6.969
Plus/Less adjustments of working capital to net cash or related to operating activities:				
Decrease/(increase) of Inventories	2.756	1.158	-980	8.590
Decrease/(increase) of Receivable Accounts	-9.160	-19.272	7.964	10.931
(Decrease)/increase of Payable Accounts (except Banks)	11.156	-23.905	4.275	-52.034
Less:				
Income Tax Paid	26.204	28.188	0	0
Total inflows / (outflows) from Operating Activities (a)	**168.102**	**113.784**	**14.220**	**-18.625**
Investing Activities				
(Purchases)/Sales of subsidiaries, associates, joint ventures and other investments	4.499	-5.339	42.611	992
Purchases of tangible and intangible assets	-65.420	-70.786	-18.464	-17.645
Proceeds from sales of tangible and intangible assets	2.566	2.106	13	5
Interest received	7.741	12.326	1.179	1.166
Dividends received	1.011	1.875	9.272	15.626
Total inflows / (outflows) from Investing Activities (b)	**-49.603**	**-59.818**	**34.611**	**144**
Financing Activities				
Subsidiary's capital return	-3.292	0	1.245	0
Treasury shares repurchase	-1.219	0	-1.219	0
Cash inflows from loans	303.836	61.423	10.000	289.604
Repayment of loans	-388.416	-58.781	-68.957	-227.806
Bond buy backs	-3.742	-40.885	0	0
Repayment of finance lease obligations	-6.833	-11.509	0	0
Interest and similar expenses paid	-83.492	-64.850	-5.397	-16.895
Dividends paid	-42.161	-67.682	0	0
Total inflows/(outflows)from Financing Activities (c)	**-225.319**	**-182.284**	**-64.328**	**44.903**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)	**-106.820**	**-128.318**	**-15.497**	**26.422**
Cash and cash equivalents at the beginning of the period	**276.609**	**416.925**	**35.859**	**7.875**
Net foreign exchange difference	-5.388	-11.998	-6	1.562
Cash and cash equivalents at the end of the period from total operations	**164.401**	**276.609**	**20.356**	**35.859**

INCOME STATEMENT GROUP / COMPANY

	GROUP 1/1-31/12/2016	GROUP 1/1-31/12/2015	GROUP 1/10-31/12/2016	GROUP 1/10-31/12/2015	COMPANY 1/1-31/12/2016	COMPANY 1/1-31/12/2015	COMPANY 1/10-31/12/2016	COMPANY 1/10-31/12/2015
Sale Proceeds	1.323.592	1.235.466	366.100	340.501	65.547	76.582	18.261	23.787
Less: Cost of Sales	-1.090.465	-1.001.739	-301.276	-274.982	-44.853	-44.852	-9.810	-12.382
Gross Profit / (Loss)	**233.127**	**233.727**	**64.824**	**65.519**	**20.694**	**31.730**	**8.451**	**11.405**
Other Operating Income	33.094	23.139	18.754	6.133	14.673	38.836	169	4.885
Selling Expenses	-56.294	-56.561	-16.401	-19.225	-10.278	-10.794	-2.713	-4.800
Administrative Expenses	-87.375	-89.739	-24.083	-24.209	-15.477	-14.002	-5.877	-5.516
Research and Development Expenses	-4.716	-6.063	-584	-797	-4.642	-5.989	-566	-778
Other Operating Expenses	-9.901	-5.213	-8.363	-1.382	-17.030	-4.210	-4.675	-22
EBIT	**107.935**	**99.290**	**34.147**	**26.039**	**-12.060**	**35.571**	**-5.211**	**5.174**
Income/(expenses) from participations and investments	-17.465	-231	-15.415	-163	45.921	-17.836	35.092	2.082
Gain/(loss) from assets disposal, impairment loss and write-off of assets	-8.568	-734	-6.771	-916	-7.667	6	-7.672	5
Interest and similar expenses	-87.489	-67.808	-32.642	-16.572	-19.878	-24.842	-5.368	-4.486
Interest and related income	11.786	17.891	3.842	6.652	3.636	6.969	1.563	4.346
Exchange differences	3.128	3.548	4.618	2.313	-542	2.556	-473	1.964
Profit / (Loss) from equity method consolidations	-4.574	-4.063	-1.971	-1.265	0	0	0	0
Profit / (Loss) before tax from continuing operations	**4.753**	**47.893**	**-14.192**	**16.088**	**9.410**	**2.424**	**17.931**	**9.085**
Tax	-32.512	-45.127	-10.845	-11.450	-9.850	-6.054	-11.439	-4.515
Net Profit / (Loss) after tax from continuing operations	**-27.759**	**2.766**	**-25.037**	**4.638**	**-440**	**-3.630**	**6.492**	**4.570**
Net Profit / (Loss) after tax from discontinued operations	**72.624**	**-23.442**	**37.495**	**-8.686**	**0**	**0**	**0**	**0**
Net Profit / (Loss) after tax (continuing and discontinued operations) (A)	**44.865**	**-20.676**	**12.458**	**-4.048**	**-440**	**-3.630**	**6.492**	**4.570**
Attributable to:								
- Equity holders of parent	930	-65.148	-876	-14.724	-440	-3.630	6.492	4.570
- Non-Controlling Interest	43.935	44.472	13.334	10.676	0	0	0	0
Other comprehensive income / (expenses), after tax (B)	**-8.745**	**-7.156**	**1.904**	**5.093**	**-1.791**	**205**	**-1.817**	**212**
Total comprehensive income / (expenses) after tax (A) + (B)	**36.120**	**-27.832**	**14.362**	**1.045**	**-2.231**	**-3.425**	**4.675**	**4.782**
Attributable to:								
- Equity holders of parent	-3.562	-69.149	844	-11.240	-2.231	-3.425	4.675	4.782
- Non-Controlling Interest	39.682	41.317	13.518	12.285	0	0	0	0
Earnings / (loss) after tax per share (in euro)								
- Basic	0,0059	-0,4111	-0,0055	-0,0929	-0,0028	-0,0229	0,0410	0,0288
- Diluted	0,0059	-0,4111	-0,0055	-0,0929	-0,0028	-0,0229	0,0410	0,0288
EBITDA	**175.839**	**164.892**	**51.565**	**43.538**	**-495**	**45.729**	**-2.220**	**8.576**
Proposed dividend per share (in €)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Supplementary information:

1. The same accounting policies have been followed as the year-end consolidated financial statements 31/12/2015 except for the changes resulting from the adoption of new or revised accounting standards and interpretations as mentioned in note 2.1.4 of the annual financial statements.

2. The companies included in the consolidation of 31/12/2016 and not in the consolidation of 31/12/2015 due to subsequent acquisition/establishment are the following: Bilot Investment Ltd, Eurobet Ltd, Eurobet Trading Ltd, ICS S.A., Intralot Chile S.p.A., Tecno Accion Uruguay S.A., Entergaming Ltd, Gameway Ltd and Intralot Global Operations B.V. (subsidiaries), as well as Gamenet Group S.p.A., Gamenet S.p.A., Gamenet Entertainment S.r.l., Gamecity S.r.l., Gamenet Scommesse S.p.A., Gnetwork S.r.l., Billions Italia S.r.l., Jolly Videogiochi S.r.l., New Matic S.r.l., Agesoft S.r.l., Future Platforms Ltd and Goreward Investments Ltd (associates) (note 2.31.A of annual financial statements). Also, during the fourth quarter of 2015 the Group acquired an additional 10% of ordinary shares with voting rights in the subsidiary Intralot Inc increasing its shareholding to 100%, while during the fourth quarter of 2015 the Group participated in the share capital increase of subsidiary Intralot Interactive SA, increasing its shareholding from 93,02% to 95,94%. On September 2016 the Group increased its participation share in associates Bit8 Ltd and Switch IT NV from 35% to 39% after exercising a relevant right. The entities Atropos S.A., Nafirol S.A., Intralot Dominicana S.A., Gaming Solutions International Ltda and Gain Advance Group LTD are in the process of liquidation. During 2016, the Group completed the liquidation and strike off of the associate Ktems Holdings Co LTD (March 2016), and the subsidiaries Intralot Distribution OOO (September 2016) and Intralot Investments Ltd (November 2016). In January 2017 the Group completed the liquidation and strike off of subsidiary Intralot Argentina S.A.. The Group sold all the shares it held in subsidiary Intralot Suriname Ltd (September 2016).

3. On 25/6/2016 the Group announced that it has signed an agreement, with Trilantic Capital Partners Europe, the main shareholder of Gamenet S.p.A ("Gamenet") in Italy, concerning the merge of the Group activities in Italy (subsidiaries Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi Srl) into those of Gamenet, one of the largest network concessionaires of VLT, AWP, betting and online gaming in the country. This announcement was made following the announcement of the signing of a Memorandum of Understanding (MoU) on 21/3/2016. Following the completion of the agreement on 27/6/2016 and the approval of the competent Competition Authority, the Group now controls 20% of the combined operation (Gamenet Group S.p.A. – note 2.31.A.VIII.A), with a network of approximately 750 betting POS, that will continue to use INTRALOT's brand name, approximately 8.200 VLTs, over 50.000 AWPs and more than 60 gaming halls owned by the company. Since 31/3/2016 the above activities of the Group subsidiaries in Italy were classified as assets held for sale and discontinued operations. Since the end of June, the Group consolidates 20% of the combined activity (Gamenet Group SpA - note 2.31.A.VIII.A) with the equity method, the results of which are presented in the line "Profit / (loss) from equity method consolidations" in the Income statement of the Group.

4. On 26/5/2016 the Group announced that it has reached an agreement with Nexus Group to sell 80% of Intralot de Peru S.A.C., its 100% owned subsidiary in Peru. After the completion of the transaction on 24/11/2016 the Group will continue to be the company's technological provider and will hold a 20% participation in Intralot de Peru S.A.C.'s share capital while NG Entertainment Peru S.A.C. 80%. Intralot de Peru S.A.C. operates numerical games and sports betting in the country through a network of 3.700 POS and the Internet. The agreement is in line with the Group's strategy to create, in selected countries, strategic partnerships with strong local partners that offer substantial synergies and local market know-how, strengthening the development of the local companies. Since 30/6/2016 the above activities of the Group in Peru were classified as assets held for sale and discontinued operations. The consideration price for the disposal of Intralot De Peru S.A.C. amounted to €64,7 million paid in November 2016 (note 2.31.A.VIII.B of annual financial statements).

5. In December 2016, the Group decided to discontinue its activities regarding the betting services provided through its subsidiary Favorit Bookmakers Office OOO in Russia. On 31/12/2016 the above Group's activities in Russia were classified as discontinued operations pursuant to IFRS 5 par.13. (note 2.31.A.VIII.C of annual financial statements).

6. On April 2016, the Group announced the acquisition, through its Bulgarian subsidiary Bilot Investment Ltd, of a strategic stake in Eurobet Ltd a leading gaming company in Bulgaria. The Group acquired a 49% stake in Eurobet Ltd, a company that offers to the Bulgarian market numerical games and scratch tickets through a network of 1.100 points of sales countrywide. The Group already has a strong presence in Bulgaria, holding since 2002 a 49% share of Eurofootball Ltd, a company that offers Fixed Odds and Live Betting through a network of 850 shops. The cost of the transaction amounts to €19,5 million and will be paid as follows: €5,85 million deposit and the remaining amount in installments over an 18 months period. The EV/EBITDA ratio for the acquisition of the share amounted to approximately 5x. The acquisition was completed in early July 2016, after approval by the Competition Protection Commission. The Eurobet Group (Eurobet Ltd, Eurobet Trading Ltd & ICS SA) is consolidated since July 2016 with the full consolidation method (note 2.31.A.III.A of annual financial statements).

7. The Group's provisions at 31/12/2016 that refer to legal issues amount to €5,1 million, those referring to unaudited tax periods and tax audit expenses amount to €9,3 million and €6,4 million refer to other provisions. The respective amounts for the Company amount to €5,1 million (legal issues), €8,9 million (provisions for unaudited tax years and tax audit expenses) and €0,1 million (other provisions) (note 2.31.C & 2.32 of annual financial statements).

8. The number of employees of the Group at the end of the current fiscal year amounted to 5.293 persons (subsidiaries 3.449 and associates 1.844) and the Company's to 689 persons. At the end of 2015 fiscal year the number of employees of the Group amounted to 5.080 persons (subsidiaries 4.963 and associates 117) and the Company 660 persons.

9. Companies that are included in 31/12/2016 consolidated financial statements are presented in note 2.31.A.I & II of the annual financial statements including locations, group percentage ownership and consolidation method.

10. 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 2.32.B.I & II of the annual financial statements.

11. The amounts of other comprehensive expense/income included directly in the Group's comprehensive income statement as at 31/12/2016 of €-8,7 million (2015: €-7,1 million) concern: foreign exchange differences of €-5,9 million (2015 : €-5,4 million), €-3,0 million (2015: €-1,7 million), concerns the valuation of available for sale financial assets, while ending amount €157 k (2015: €-14 k), concerns defined benefit plans revaluation. Accordingly, the amounts of expense/income recorded in the comprehensive income statement as at 31/12/2016 for the Company, amounted to €-1,8 k (2015: €205 k) refer to revaluation of available for sale financial assets €-1,8 k (2015: €-11 k) and defined benefit plans revaluation €-31 k (2015: €216 k).

12. On 31/12/2016 the Company held 1.582.769 treasury shares with a total acquisition cost of €1.709 k (note 2.22 of the annual financial statements).

13. There are no changes in accounting estimates. Certain prior year amounts have been reclassified for presentation purposes with no significant impact on the prior year equity, turnover and earnings after tax of the Group and the Company.

14. Significant events after the end of the reporting period and up to the release date of the financial results are stated in the note 2.35 of the annual financial statements.

15. Transactions (including income, expenses, receivables, payables) with related parties, are as follows:

	GROUP	COMPANY
a) Income		
-from subsidiaries	0	41.972
-from associates	2.565	2.200
-from other related parties	5.853	5.558
b) Expenses		
-to subsidiaries	0	21.283
-to associates	-391	-489
-to other related parties	10.377	8.826
c) Receivables		
-from subsidiaries	0	73.222
-from associates	10.480	5.788
-from other related parties	16.102	10.342
d) Payables		
-to subsidiaries	0	265.797
-to associates	562	6
-to other related parties	30.637	17.737
e) BoD and Key Management Personnel transactions and fees	10.550	4.806
f) BoD and Key Management Personnel receivables	298	0
g) BoD and Key Management Personnel payables	476	239

Maroussi, March 29, 2017

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE GROUP CHIEF EXECUTIVE OFFICER	THE GROUP CHIEF FINANCIAL OFFICER	THE GROUP ACCOUNTING DIRECTOR
S. P. KOKKALIS ID. No. AI 091040	A. I. KERASTARIS ID. No. AI 682788	G. SP. KOLIASTASIS ID. No. Σ 699882	N.G. PAVLAKIS ID. No. AZ 012557 H.E.C. License No. 15230/A' Class