LISTING PROSPECTUS **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES OF AMERICA**

Intralot Capital Luxembourg S.A.

€500,000,000 5.250% Senior Notes due 2024

guaranteed on a senior basis by

Intralot S.A.—Integrated Lottery Systems and Services and certain subsidiaries of Intralot S.A.—Integrated Lottery Systems and Services

Intralot Capital Luxembourg S.A., a public limited liability company (*société anonyme*) organized and existing under the laws of the Grand Duchy of Luxembourg (the "Issuer"), issued € 500.0 million in aggregate principal amount of its 5.250% Senior Notes due September 15, 2024 (the "Notes").

Interest will be paid on the Notes semi-annually in arrear on March 15 and September 15 of each year, commencing March 15, 2018. The Notes will mature on September 15, 2024.

The Issuer may redeem all or a part of the Notes at any time on or after September 15, 2020, at the redemption prices specified herein plus accrued and unpaid interest and additional amounts, if any. Prior to September 15, 2020, the Issuer will be entitled, at its option, to redeem all or a part of the Notes, at a price equal to 100% of the principal amount plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium. In addition, prior to September 15, 2020, the Issuer may redeem at its option up to 40% of the aggregate principal amount of the Notes, using the proceeds of certain equity offerings at the redemption price set forth herein plus accrued and unpaid interest and additional amounts, if any. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all of the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

The Notes are senior obligations of the Issuer and rank *pari passu* in right of payment to all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes and senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes. The Notes have the benefit of an unconditional and irrevocable guarantee (the "Company Guarantee") from Intralot S.A. Integrated Lottery Systems and Services, a public limited liability company (*société anonyme*) organized under the laws of the Hellenic Republic (the "Company" or "Intralot S.A."), and guarantees (subject to certain important limitations as described elsewhere in this listing prospectus (the "Listing Prospectus") from certain of its subsidiaries (the "Subsidiary Guarantors" and, together with the Company, the "Guarantors")). The Company Guarantee and the guarantees provided by the Subsidiary Guarantors (the "Subsidiary Guarantees" and, together with the Company Guarantee, the "Guarantees") are senior obligations of the Guarantors and rank *pari passu* in right of payment to all of the Guarantors' existing and future indebtedness that is not subordinated in right of payment to the Guarantees, including the Syndicated Facilities (as defined herein), and senior in right of payment to all existing and future indebtedness of the Guarantors that is subordinated in right of payment to the Guarantees. The Notes and the Guarantees are also effectively subordinated to all of the existing and future debt of the Company's subsidiaries (other than the Issuer) that do not guarantee the Notes and to all existing and future secured indebtedness of the Issuer and the Guarantors to the extent of the value of the property and assets securing such indebtedness.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 23.

This Listing Prospectus constitutes a prospectus for purposes of Part IV of the Luxembourg act dated July 10, 2005 on prospectuses for securities, as amended, and includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions. The Issuer has applied to have the Notes listed on the Official List of the Luxembourg Stock Exchange (the "LxSE") and traded on the LxSE's Euro MTF market (the "Euro MTF Market"), which is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

The Notes were delivered in book-entry form through Euroclear System ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on September 20, 2017 (the "Issue Date").

Neither the Notes nor the Guarantees have been or will be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the Notes and the Guarantees are being offered and sold in the United States only to qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A under the U.S. Securities Act ("Rule 144A") and to non-U.S. persons outside the United States as defined in Regulation S under the U.S. Securities Act ("Regulation S") in reliance on Regulation S. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes and the Guarantees may be relying on the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144A. See "Important Information" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

Price for the Notes: 100.00% plus accrued interest, if any, from the Issue Date.

Global Coordinator and Joint Bookrunner

Morgan Stanley

Joint Bookrunners

BNP PARIBAS **Citigroup** **Deutsche Bank** **Nomura** **Société Générale**

Listing Prospectus dated October 4, 2017.

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IMPORTANT INFORMATION

This Listing Prospectus has been prepared by us solely for use in connection with the proposed offering of the Notes described in this Listing Prospectus and for application for listing particulars to be approved by the LxSE and for the Notes to be admitted to the Official List of the LxSE and admitted to trading on the Euro MTF Market thereof, and may only be used for the purposes for which it has been published. No purchaser is authorized to provide information other than what is contained in this Listing Prospectus and the documents referred to therein.

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of this offering, including the merits and risks involved. In addition, neither we nor the initial purchasers nor any of our or their respective representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Listing Prospectus as legal, business or tax advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Listing Prospectus, and you must obtain all applicable consents and approvals; neither we nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

You should base your decision to invest in the Notes solely on information contained in this Listing Prospectus. Neither we nor the initial purchasers have authorized anyone to provide you with any different information.

We issued the Notes in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under this section. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the initial purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited or making any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Each prospective purchaser of the Notes must comply with all applicable laws, rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the initial purchasers shall have any responsibility therefor.

None of the U.S. Securities and Exchange Commission, any U.S. state securities commission or any non-U.S. securities authority or other authority has approved or disapproved of the Notes or determined if this Listing Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have applied to have the Notes listed on the Official List of the LxSE and traded on the Euro MTF Market, which is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

The Issuer and Guarantors accept responsibility for the information contained in this Listing Prospectus. The Issuer and Guarantors have made all reasonable inquiries and confirm to the best of their knowledge, information and belief that the information contained in this Listing Prospectus with regard to the Issuer and Guarantors and their subsidiaries and affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Listing Prospectusare honestly held and that the Issuer and Guarantors are not aware of any other facts, the omission of which, would make this Listing Prospectus or any statement contained herein misleading in any material respect.

No representation or warranty is made or implied by the initial purchasers or any of their respective affiliates, and neither the initial purchasers nor any of their respective affiliates make any representation or warranty or accept any responsibility or any liability, as to the accuracy or completeness of the information contained in this Listing Prospectus and any other information provided by the Issuer and the Guarantors in connection with the issuance of the Notes. None of the initial purchasers accepts any responsibility or liability in relation to the information contained in this Listing Prospectus or any other information provided by the Issuer and the Guarantors in connection with the issuance of the Notes.

By receiving this Listing Prospectus, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Listing Prospectus. Investors also acknowledge that they have not relied on the initial purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes. The contents of this Listing Prospectus are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the Intralot Group (as defined below), the terms of the offering of the Notes and the merits and risks involved.

We and the initial purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

Certain exchange rate information presented in this Listing Prospectus includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rates, and as far as we are aware and able to ascertain, no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information. The information set out in relation to sections of this Listing Prospectus describing clearing and settlement arrangements, including the section entitled "Book-Entry, Delivery and Form," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, and, as far as we are aware, and able to ascertain, no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

THE NOTES AND THE GUARANTEES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT. THE NOTES MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A AND OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S. YOU ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A.

The Notes and the Guarantees are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions."

IN CONNECTION WITH THIS OFFERING OF NOTES, MORGAN STANLEY & CO. INTERNATIONAL PLC (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO STABILIZING OR MAINTAINING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFERING OF THE NOTES AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Listing Prospectus has been prepared on the basis that any offer of Notes in any member state of the European Economic Area ("EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive (as defined below), as implemented in that Relevant Member State, from the requirement to produce a prospectus for offers of Notes. Accordingly, any person making or intending to make any offer within that Relevant Member State of Notes, which are the subject of the offering contemplated in this Listing Prospectus, may only do so in circumstances in which no obligation arises for the Issuer or the initial purchasers to produce a prospectus for such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish a prospectus for such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of Notes contemplated in this Listing Prospectus. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO INVESTORS IN LUXEMBOURG

The terms and conditions relating to this Listing Prospectus have not been approved by and will not be submitted for approval to the Luxembourg Financial Sector Regulator (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Listing Prospectus nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in the Grand Duchy of Luxembourg, except for the sole purpose of the admission to trading of the Notes on the Euro MTF Market and listing on the Official List of the LxSE and except in circumstances that do not constitute an offer of securities to the public in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended from time to time, and implementing the Prospectus Directive.

Consequently, this Listing Prospectus and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed (i) to Luxembourg qualified investors as defined in the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended, (ii) to no more than 149 prospective investors, which are not qualified investors and (iii) in any other circumstance contemplated by the Luxembourg Act of July 10, 2005 on prospectus for securities, as amended from time to time and implementing the Prospectus Directive.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Listing Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Listing Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Listing Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO INVESTORS IN THE NETHERLANDS

Any Notes will only be offered in the Netherlands to qualified investors as defined in the Financial Supervision Act (*Wet op het financieel toezicht*).

NOTICE TO INVESTORS IN ITALY

No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy within the meaning of Article 1, paragraph 1, letter t) of Legislative Decree No. 58 of February 24, 1998, as subsequently amended (the "Italian Financial Act"). Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this Listing Prospectus nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer, the Guarantors, the Notes or the Notes Guarantees or the Collateral may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold in the Republic of Italy either on the primary or on the secondary market to any natural persons nor to entities other than qualified investors (*investitori qualificati*) as defined pursuant to Article 100 of the Italian Financial Act and Article 34-*ter*, paragraph 1, letter b) of Regulation No. 11971 of May 14, 1999 as amended (the "Issuers Regulation") issued by the *Commissione Nazionale per le Societá e la Borsa* ("CONSOB") or unless in circumstances which are exempt from the rules on public offers pursuant to Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Issuers Regulation.

The Notes may not be offered, sold or delivered and neither this Listing Prospectus nor any other material relating to the Notes may be distributed or made available in the Republic of Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of this Listing Prospectus or any other material relating to the Notes in Italy is made in one of the following ways: (a) by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No 385 of September 1, 1993 as amended, the Italian Financial Act, CONSOB Regulation No. 16190 of October 29, 2007 as amended and any other applicable laws and regulations; and (b) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority. Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

THIS LISTING PROSPECTUS CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Listing Prospectus contains forward-looking statements and other information that involves risks, uncertainties and assumptions. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them, including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditure, projected costs and our plans and objectives for future operations. These statements are based on plans, estimates and projections as they are currently available to our management. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct.

By their very nature, forward-looking statements involve risks and uncertainties. These statements are based on our management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, changed market conditions affecting the gaming industry, intense competition in the markets in which we operate and costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting our markets, the cost and availability of adequate insurance coverage and financing, changes in interest rates and other factors beyond our control).

Changing factors, risks and uncertainties that could affect us include, without limitation:

- changes in government regulations and oversight in the jurisdictions in which we operate, including new and increased taxation;
- risks posed by illegal betting;
- our relationships with government authorities;
- changes in consumer preferences;
- challenges due to public perception of legalized gambling;
- increased competition in the gaming industry;
- slow growth or declines in sales of lottery and gaming products and services;
- reliance on government licenses;
- our ability to realize benefits of our local partnerships or other strategic investments;
- risks to our reputation posed by our local partners;
- our compliance with anti-corruption laws and regulations and economic sanction programs;
- changes in market trends including technological changes and the changing technological demands and preferences of our customers;
- risk relating to failure to respond to technological changes or satisfy future technology demands of our customers;
- non-renewal or termination of material contracts and licenses;
- failure to accurately determine odds and failure of our risk management processes;
- seasonality of sports schedules;
- losses with respect to individual events or betting outcomes;

- currency fluctuations and changes in interest rates;
- customers may manage their operations in-house;
- our ability to maintain and enhance our brand;
- changes in global or regional economic conditions;
- impact of Brexit;
- capital controls in Greece;
- our ability to expand successfully in certain markets;
- dependence on third party suppliers and manufacturers;
- legal, administrative and arbitration proceedings;
- penalties related to failure to perform under licenses and contracts;
- our ability to attract and retain qualified personnel;
- impact of labor disputes or matters;
- our ability to protect our intellectual property rights or our infringements of third party rights;
- our systems are subject to network interruptions and security breaches;
- player fraud;
- defects or other claims related to our products;
- diversion of capital to pay for our contracts and licenses; and
- property loss and unforeseen business interruptions.

Should one or more of such risks and uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward- looking statement or information contained in this Listing Prospectus speaks only as of the date the statement was made.

All of the forward-looking statements made by us herein and elsewhere are qualified in their entirety by the risk factors and statements discussed in “Risk Factors” and “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations.” These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement in this Listing Prospectus. The risks described in the “Risk Factors” section in this Listing Prospectus are not exhaustive. Other sections of this Listing Prospectus describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. We may face new risks from time to time, and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

The Issuer, the Guarantors and the initial purchasers assume no obligation to update any of the forward-looking statements after the date of this Listing Prospectus to conform those statements to actual results, subject to compliance with all applicable laws. The Issuer, the Guarantors and the initial purchasers assume no obligation to update any information contained in this Listing Prospectus or to publicly release any revisions to any forward-looking statements to reflect events or circumstances, or to reflect that the Issuer or the Guarantors became aware of any such events or circumstances, that occur after the date of this Listing Prospectus.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Listing Prospectus, the term "Issuer" refers to Intralot Capital Luxembourg S.A. with its registered office in Luxembourg. The term "Company" refers to Intralot S.A. with its registered office in Greece. The terms "we," "us," "our" and the "Intralot Group" refer to Intralot S.A. together with its subsidiaries.

References to management, directors and executive officers refer to the management, directors and executive officers of the Issuer or the Company, as the context requires. References to the "United States," "US" or "U.S." in this Listing Prospectus shall be to the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

In addition, the following terms used in this Listing Prospectus have the meanings assigned to them below:

2018 Notes	€325.0 million in aggregate principal amount of 9.75% senior notes due August 15, 2018 issued by Intralot Finance Luxembourg S.A. on August 8, 2013, which were entirely purchased and redeemed by Intralot Finance Luxembourg S.A. during the second half of 2016.
May 2021 Notes	€250.0 million in aggregate principal amount of 6.00% senior notes due May 15, 2021 issued by the Issuer on May 8, 2014, of which €250.0 million was outstanding as of June 30, 2017 and is expected to be redeemed by the Issuer using the proceeds from the offering of the Notes and on the terms specified in the indenture relating to the May 2021 Notes and subject to certain conditions.
September 2021 Notes	€250.0 million in aggregate principal amount of 6.75% senior notes due September 15, 2021 issued by the Issuer on September 23, 2016, of which €250.0 million was outstanding as of June 30, 2017.
Company Guarantee	The unconditional and irrevocable guarantee provided by Intralot S.A. on the Notes.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization.
Euro MTF Market	An exchange-regulated market under the aegis of the LxSE, which is not an EU-regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments. The Notes are expected to be admitted to trading on the Euro MTF Market.
Guarantors	The Subsidiary Guarantors and the Company.
Guarantees	The Company Guarantee and the Subsidiary Guarantees.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards as endorsed by the European Union.
Indenture	The indenture to be dated as of the issue date of the Notes, between, among others, the Issuer, the Company, the Subsidiary Guarantors and the Trustee for the Notes, as supplemented from time to time.
Local Credit Facilities	Our existing local credit facilities, as described more fully under "Capitalization" and "Description of Other Indebtedness."
LxSE	The Luxembourg Stock Exchange (*Bourse de Luxembourg*).
Revolving Facility	€86.1 million revolving facility entered into by Intralot Finance UK Ltd due 2019.
Standby Revolving Facility	€40.0 million standby revolving facility entered into by Intralot Finance UK Ltd due 2019.
Syndicated Facilities	The Term Facility together with the Revolving Facility and the Standby Revolving Facility, which are expected to be repaid using the proceeds of the Notes.
Term Facility	€98.9 million term facility entered into by Intralot Finance UK Ltd due 2019, which is expected to be repaid using the proceeds of the Notes and subsequently cancelled.
Notes	€500.0 million in aggregate principal amount of 5.250% senior notes due 2024, described more fully under "Description of the Notes," being offered pursuant to this Listing Prospectus and to be issued under the Indenture.
Oceania	Our businesses in Australia and New Zealand.
Purchase Agreement	Agreement entered into among the Issuer, the Guarantors and the initial purchasers dated on or about the date of pricing, under the terms and conditions of which the Issuer has agreed to sell the Notes to the initial purchasers, and, subject to certain conditions contained therein, the initial purchasers have, severally and not jointly, agreed to purchase the principal amount of the Notes, as set forth in the "Plan of Distribution."
QIBs	Qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act.

Stabilizing Manager	Morgan Stanley & Co. International plc.
Subsidiary Guarantees	Guarantees on the Notes provided by the Subsidiary Guarantors.
Subsidiary Guarantors	Certain of the Company's subsidiaries, which are providing the Subsidiary Guarantees, listed in "Summary—The Guarantors."

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This Listing Prospectus includes audited consolidated and standalone financial statements of the Company as of and for the years ended December 31, 2015 and 2016, the unaudited interim consolidated and standalone financial statements of the Company as of and for the six months ended June 30, 2017, and the audited standalone financial statements of the Issuer as of and for the years ended Decemebr 31, 2015 and 2016. The audited consolidated financial statements of the Company as of and for the years ended December 31, 2015 and 2016, and the audited standalone financial statements of the Issuer as of and for the years ended December 31, 2015 and 2016, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have been audited by S.O.L. S.A. ("S.O.L."), an affiliate of Crowe Horwath and Grant Thornton Greece SA ("Grant Thornton"). The unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2016 and 2017 have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" and have been reviewed by S.O.L. and Grant Thornton.

In June 2016, we completed the business combination of our Italian activities with those of Gamenet S.p.A ("Gamenet"), following which we hold a 20% ownership interest in the combined business. In November 2016, we completed the sale of 80% of the shares of Intralot de Peru S.A.C. ("Intralot Peru") to the Nexus Group. In December 2016, we took the decision to definitively discontinue our activities regarding the betting services provided through our subsidiary Favorit Bookmakers Office OOO in Russia, and in June 2017, we sold 100% of the shares of Favorit Bookmakers Office OOO. In accordance with IFRS, we have classified our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations in our audited consolidated financial statements for the year ended December 31, 2016 and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017.

In addition, the financial information as of and for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 have also been restated to reflect the classification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations. For more information, see note 2.20.A.VIII of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017. Notwithstanding the foregoing, the audited consolidated financial statements for the years ended December 31, 2015 do not classify our Italian operations, the operations of Intralot Peru or the betting operations in Russia as discontinued operations. However, for purposes of comparability, we have included our results of operations for the year ended December 31, 2015 adjusted to present our Italian operations, the operations of Intralot Peru, and the betting operations in Russia as discontinued operations. This adjustment is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

In July 2016, we completed the acquisition of a 49% stake in Eurobet OOD ("Eurobet"), a Bulgarian gaming company, and an option to acquire an additional 2% stake, and we have fully consolidated the results of Eurobet as from July 2016. See Note 2.20.III.A of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017 included in this Listing Prospectus. The audited consolidated financial statements for the year ended December 31, 2015 also do not include the results of Eurobet. The financial information as of and for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017 also do not include the results of Eurobet. The difference in classification of the Italian operations, the operations of Intralot Peru and the betting operations in Russia, as well as the consolidation of Eurobet, affects comparability of our results of operations and cash flows presented in this Listing Prospectus.

Our unaudited financial information for the last twelve months ended June 30, 2017 is calculated by adding our unaudited interim consolidated financial information for the six months ended June 30, 2017 to the difference between the audited consolidated financial information for the year ended December 31, 2016 and the unaudited interim consolidated financial information for the six months ended June 30, 2016, all extracted from our consolidated financial statements included elsewhere in the Listing Prospectus. The unaudited financial information for the last twelve months ended June 30, 2017 have been prepared for illustrative purposes only and are not necessarily representative of our results of operations for any future period or our financial condition at any future date.

We consolidate certain subsidiaries under IFRS in which we have a minority ownership but nevertheless control, either through certain shareholder agreements or by virtue of our control of a controlling intermediate holding company. Income attributable to our partners in such consolidated subsidiaries is reflected under the equity method of consolidation as "Minority Interest" in our consolidated financial statements.

In this Listing Prospectus, references to "2014," "2015" and "2016" refer to the years ended December 31, 2014, 2015 and 2016, respectively. Individual figures (including percentages) appearing in this Listing Prospectus have been rounded according to standard business practice. Figures rounded in this manner may not necessarily add up to the totals contained in a given table.

The term "revenue" as used in this Listing Prospectus corresponds to the line item "sales proceeds" in the consolidated financial statements of the Company.

Non-IFRS Financial Measures

We have included in this Listing Prospectus certain financial measures and ratios, including EBIT, EBITDA and certain leverage and coverage ratios that are not required by, or presented in accordance with, IFRS. In this Listing Prospectus, references to "EBIT" for the years ended December 31, 2015 and 2016, the six months ended June 30, 2016 and 2017 and the last twelve months ended June 30, 2017 for Intralot Group are calculated as operating profit before tax plus profit/(loss) equity method consolidations, exchange differences, interest and related income and interest and similar charges, write-off and impairment losses of assets and investments, and gain/(loss) from asset disposal, all for the same period. "EBITDA" for the same periods is calculated as EBIT before depreciation and amortization, all for the same period. EBIT and EBITDA are presented in the consolidated financial statements of Intralot Group. We calculate total positive EBITDA on a country level by excluding countries with negative EBITDA.

We are not presenting EBIT and EBITDA as measures of our results of operations. EBIT and EBITDA have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Our management believes that the presentation of EBIT and EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBIT and EBITDA may not be comparable to similarly titled measures used by other companies. EBIT, EBITDA and leverage and coverage ratios are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Furthermore, the presentation of the guarantor coverage provided by the Guarantors on an unconsolidated basis as a percentage of consolidated EBITDA aggregates solely those Guarantors that contribute positive EBITDA to the Intralot Group.

This Listing Prospectus includes consolidated financial data which has been adjusted to reflect certain effects of the sale of the Notes and the use of proceeds on our gross financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid as of or for the last twelve months ended June 30, 2017. Our consolidated *pro forma* financial data has been prepared for illustrative purposes only and does not purport to represent what our actual gross financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid would have been if the sale of the Notes and the use of proceeds had occurred on June 30, 2017, nor does it purport to project our gross financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid at any future date. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set forth in this Listing Prospectus are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual adjusted amounts.

CURRENCY PRESENTATION AND DEFINITIONS

In this Listing Prospectus, all references to "€", "euro" or "EUR" refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended. All references to "U.S.$", "U.S. dollars" or "USD" are to the lawful currency of the United States of America. "JMD" refers to amounts denominated in the Jamaican dollar. "AZN" refer to amounts denominated in the Azerbaijan manat. "PEN" refers to amounts denominated in the Peruvian *sol*. "AUD" refers to amounts denominated in the Australian dollar. "TRY" refers to amounts denominated in the Turkish lira. "PLN" refers to amounts denominated in the Polish zloty. "RON" refers to amounts denominated in the Romanian new leu. "BRL" refers to amounts denominated in the Brazilian real. "ARS" refers to amounts denominated in the Argentine peso. "BGN" refers to amounts denominated in the Bulgarian lev. "XCD" refers to amounts denominated in the East Caribbean dollar.

We have set forth in the table below, for the periods and dates indicated, period end, average, high and low Bloomberg Composite Rates expressed as U.S. dollars per €1.00.

	Period End	Average	High	Low
	U.S. dollars per €1.00			
Year				
2011	1.2960	1.3998	1.4874	1.2925
2012	1.3197	1.2911	1.3463	1.2053
2013	1.3789	1.3789	1.3804	1.2772
2014	1.2100	1.3209	1.3925	1.2100
2015	1.0866	1.1032	1.2099	1.0492
2016	1.0547	1.1068	1.1527	1.0384
Month				
March 2017	1.0697	1.0684	1.0864	1.0506
April 2017	1.0901	1.0711	1.0949	1.0599
May 2017	1.1237	1.1055	1.1237	1.0867
June 2017	1.1413	1.1236	1.1430	1.1125
July 2017	1.1811	1.1522	1.1811	1.1338
August 2017	1.1881	1.1815	1.2016	1.1702
September 2017 (through September 13, 2017)	1.1881	1.1934	1.2026	1.1858

The exchange rate of the euro on September 13, 2017 was U.S.$1.1881 = €1.00.

The rates in the foregoing table may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Listing Prospectus. We have provided these exchange rates solely for the convenience of potential investors.

For information on the impact of fluctuations in exchange rates on our operations, see "Risk Factors—Risks Related to Our Business Operations—Translation Risk and Fluctuations in currency exchange rates may adversely affect our results of operations, and hedging carries certain costs and risks" and "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Exchange Rate Fluctuations."

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Listing Prospectus, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Listing Prospectus were extracted from market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. These external sources include, among others, GBGC Analysis and H2 Gambling Capital—global gambling market data provider.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources that are believed to be reliable. We cannot assure you of the accuracy and completeness of, and have not independently verified, such information. We do, however, accept responsibility for the correct reproduction of this information.

Certain information in this Listing Prospectus, including without limitation, statements regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants are based on our internal estimates and analyses and our own investigation of market conditions.

We cannot assure you that our estimates or any of the assumptions underlying our estimates are accurate or correctly reflect our position in the industry. None of our internal surveys or information have been verified by any independent sources.

AVAILABLE INFORMATION

Each purchaser of the Notes from the initial purchasers has been furnished with a copy of the offering memorandum dated September 16, 2016 in relation to the offering of the Notes (the "Offering Memorandum") and any related amendments or supplements to the Offering Memorandum. Each person receiving the Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

- such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

- except as provided above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

This Listing Prospectus contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to us or the initial purchasers) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference.

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the U.S. Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the U.S. Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Requests for such information and requests for the agreements summarized in this Listing Prospectus should be directed to Evangelos Raptis, Intralot Capital Luxembourg S.A., 46A avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. Our website can be found at *www.intralot.com*. Information contained on our website is not incorporated by reference into this Listing Prospectus and is not part of this Listing Prospectus.

SUMMARY

This summary highlights information contained elsewhere in this Listing Prospectus. It is not complete and may not contain all the information that you should consider before investing in the Notes. You should read the entire Listing Prospectus, including the more detailed information in the financial statements and the related notes thereto included elsewhere in this Listing Prospectus, before making an investment decision. See "Risk Factors" for factors that you should consider before investing in the Notes and "Forward-Looking Statements" for information relating to the statements contained in the Listing Prospectus that are not historical facts.

Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate and support customized software and hardware for the gaming industry, providing technology and management services to state and state-licensed lottery and gaming organizations worldwide. Since our establishment 25 years ago, we have developed innovative technology for the gaming industry and acquired extensive operating know-how and experience. Both the quality and innovation of our technology and our operating experience are central to maintaining our existing customer relationships and winning new contracts. We proactively manage a diversified and stable portfolio of 87 contracts and licenses across 52 jurisdictions.

Our operations are structured across three main business activities: (i) technology and support services; (ii) management services; and (iii) licensed operations. Our technology and support service activities include the provision of equipment, software and maintenance and support services to lottery and gaming organizations, often under long-term contracts. We currently manage 56 individual technology and support services contracts across 40 jurisdictions. Our management business activities include the day-to-day management of operations, marketing services, sales network and risk management/odds setting for gaming and sports betting organizations. We currently operate five management contracts. Under these contracts, the customer is the license holder and remains responsible for frontline tasks, cash management and approvals and compliance with regulatory controls. Through our licensed operations, we are the license holder either directly or indirectly, and we are responsible for all aspects of a gaming operation, including the selection and provision of technology, as well as the ongoing support and the management of the operations. We currently operate 26 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 13 jurisdictions.

In the last twelve months ended June 30, 2017, we had revenue of €1,419.9 million and EBITDA of €179.0 million, on a fully consolidated basis for companies that we control, although such effective control is not necessarily combined with majority economic ownership in all of those companies. See "Presentation of Financial and Other Information." In the three years ended December 31, 2014, 2015 and 2016, we had revenue of €1,853.1 million, €1,914.9 million and € 1,323.6 million, respectively, and EBITDA of €175.4 million, €177.2 million and €175.8 million, respectively. As of June 30, 2017, we had net debt of €516.8 million, and a market capitalization of €184.4 million as of September 13, 2017 (source: Athens Exchange S.A.). In addition, as of June 30, 2017, we had 5,168 full-time employees.

Our Strengths

Our global presence, proprietary technology and track record of innovation have led us to become a market leader in the gaming sector and create significant barriers for new entrants

Attractive Target Market Dynamics

We operate in a large and growing global market for gaming activities of all kinds. In 2016, global gross gaming revenues, which we define as revenues net of payout ("GGR"), grew to €348 billion from €340 billion in 2015, and are presently estimated to reach €420 billion by 2022, primarily due to continued liberalization of markets, further privitizations of state-owned lotteries and the continued and accelerating convergence of physical and online or interactive gaming. This trend of growth is presently expected to continue, as global GGR is presently estimated to grow at a CAGR of 3.1% from 2016 through 2022, according to GBGC.

Similarly, the global lottery market has experienced notable stability and resilience, posting consistent growth in GGR since 2011. Worldwide lottery GGR exceeded €107 billion in 2016, posting a 1.2% CAGR since 2011, and is estimated to continue growing at a 3.8% CAGR between 2016 and 2022, reaching a level of over €135 billion by 2022, according to GBGC.

Leading Proprietary Technology and Track Record of Innovation Provide a Secure and Defensible Market Position

We believe that our significant and 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 the majority of the highly regulated markets in which we operate. We entered the United States in 2001 and have since grown our U.S. operations to include contracts in 11 states and the District of Columbia, which we believe demonstrates the value of our products and services. As of June 30, 2017, we enjoyed a leading market position in the technology and support services market for lotteries in the United States with a 24% share of the market (by number of total state lotteries) and a population coverage of approximately 45 million people. Since 2013, we have won 42% of the international tenders which we participated, which we believe demonstrates our continued track record of success. We believe our established presence, significant market share and position as the single licensed operator in many of our markets pose significant barriers to entry for new entrants.

We hold approximately 144 patents in gaming technology and we test numerous gaming concepts across our business activities annually to remain competitive in the latest games and concepts for the players. Our leading development capabilities also allow us to provide innovative and technologically advanced services across our three core business activities.

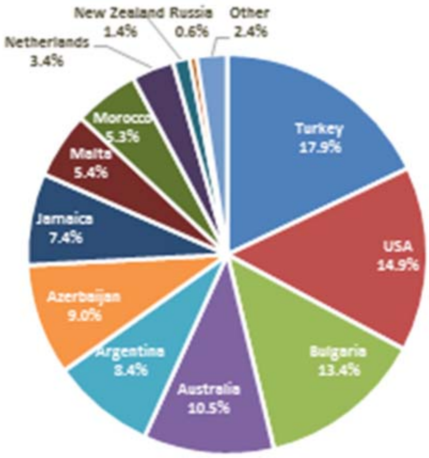
We also believe that our leading technology and research and development (“R&D”) capabilities enable us to effectively compete with other technology providers and developers, decrease capital expenditures and upfront costs as well as reduce on-going maintenance costs. We spent €18.1 million, €18.0 million and €14.8 million on R&D in 2014, 2015 and 2016, respectively. In each of those 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.

The management and information systems we operate ensure compliance with industry standards and allow us to succeed in a highly regulated and competitive market, a success also highlighted by the important certifications we have received throughout our years in operation. We were the first international vendor to be awarded the Security Control Standards certification by the World Lottery Association, an award received by only a few vendors globally, which is an important distinction between us and our competitors. Accordingly, we were the first vendor to reach an ISO 20000 certification, and the World Lottery Association has also awarded us the Gaming Framework Certification. Among others, we hold the ISO 20000-1 certification on service management, the ISO 9001 certification on quality management and the ISO 14001 certification on environmental controls. We believe that our focus on data protection, game integrity and service quality towards our players and other stakeholders, will allow us to grow and retain our significant market position.

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 carried out across a large number of different countries. We have operations in 52 jurisdictions on five continents and in the last twelve months ended June 30, 2017, no single country represented more than 20.7% of our EBITDA, and no single contract represented more than 13.2% of our EBITDA.

EBITDA by Geography in the last twelve months ended June 30, 2017(1)



(1) Countries with negative EBITDA have been excluded from the chart

In the last twelve months ended June 30, 2017, our total positive EBITDA (excluding countries with negative EBITDA) reached €207.0 million. 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 that country. In the last twelve months ended June 30, 2017, Greece represented only 2.5% of our revenue. 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 in countries that typically achieve higher GDP growth) we have the opportunity to achieve higher 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: 56 technology and support services contracts, which comprised 30.1% of our revenue net of payout during the last twelve months ended June 30, 2017; five management contracts, which comprised 15.7% of our revenue net of payout during the same period; and 26 licenses, which comprised 54.2% of our revenue net of payout during the same period.

Highly Visible Recurring Revenues and Cashflows

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). For instance our multi-year contracts in the US have an average contract maturity of 7.4 years. The terms of our 56 technology and support services contracts range from 0.7 to 20.3 years, with an average remaining contract length (as of June 30, 2017, giving effect to contracts entered into as of the date of this Listing Prospectus) of 4.9 years (or 6.3 years taking into account certain of our customers' renewal options). The terms of our five management contracts have an average remaining contract length (as of June 30, 2017, giving effect to contracts entered into as of the date of this Listing Prospectus) of 2.4 years. During the period from 2006 to 2016, 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, as demonstrated by our recent contract renewals and extensions in the United States. Since 2008, we have successfully renewed or extended approximately 90% of our USA 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 and with the Pacific Online Systems Corporation in connection with the operation of the games of the Philippines Charity Sweepstakes Office. In the six months ended June 30, 2017, we successfully launched our ten year contract with the State Lottery organization in Chile and signed a ten year contract with Idaho state lottery and also executed extensions with Ohio, Vermont and Arkansas state lotteries.

In addition to our exceptional product technology and service offerings, our track record of renewal is also supported by the fact that it is difficult for clients to switch technology or service providers due to high start-up expense in on-boarding new technology and replacing equipment (central systems and POS). Because the process to switch providers is lengthy and expensive, requiring advanced investment from a competitor in time, technology and equipment, we believe that we are ordinarily able to identify well in advance when a contract will not be renewed. In 2018, two contracts are up for renewal in Morocco and Turkey (Inteltek), which contributed 6.1% and 13.2%, respectively, to EBITDA in the last twelve months ended June 30, 2017. Given our strong track record of renewal and based our experience in these jurisdictions, including previously renewing our contracts in Morocco and Turkey, we reasonably expect that these contracts will be renewed in 2018. However, no assurances can be made that such renewals or extensions will actually occur.

Highly Scalable Asset-Light Operating Model

Our proprietary technology and expertise, along with our flexible operational model, allow us to create standardized products which can later be individually adapted for distribution. These technologies and operational capabilities reduce our costs. Additionally, our track record of successfully partnering with strong local operators has improved our ability to expand our global reach while minimizing required capital deployment, and leveraging local expertise and existing business relationships to drive synergies and operating efficiencies.

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. We have a lean organizational structure characterized by a highly-variable cost structure which we believe helps to mitigate possible top-line revenue pressure. Variable costs represented 84.5% of total operating costs in the last twelve months ended June 30, 2017. Since the asset-light operating model has a highly variable cost base, we are able to scale our operations to meet customer demand and preserve our EBITDA margin.

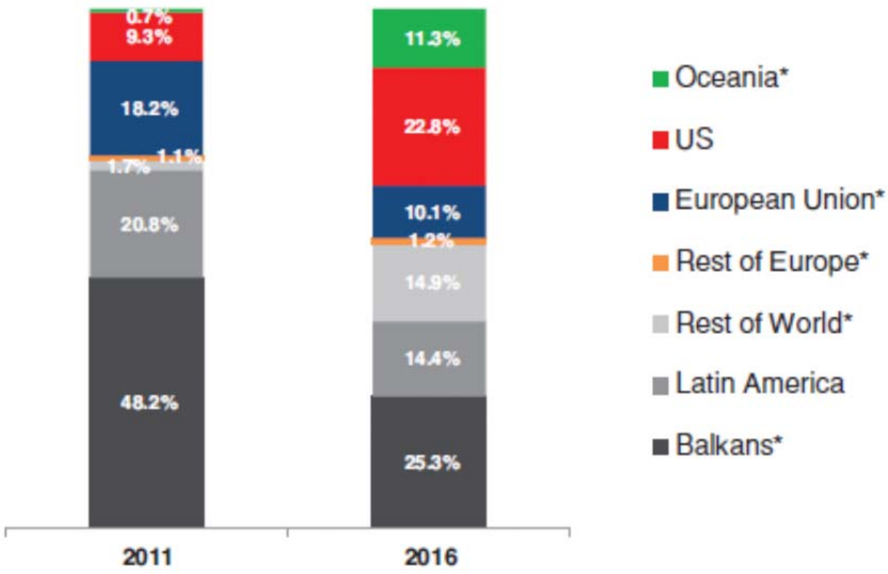
In addition, our scalable business model is supported by our advanced IT platform which allows us to optimize product development by minimizing customization requirements during development while at the same time providing for further product adaptation ("micro tailoring") upon distribution, making our product offering more adaptable. Our adaptable model 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 based and interactive channels while 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 through our local partners' relationships. 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. During the first half of 2016, we completed the business combination of our Italian activities with those of Gamenet, following which we obtained a 20% interest in the combined company. The new combined company is one of the largest operators in the Italian gaming market with a network of approximately 750 betting POS which will use the Intralot brand name and more than 60 directly owned and managed gaming halls. In addition, in November 2016, we sold an 80% stake in our Peru operations to a local partner, providing us with near-term liquidity and ongoing strategic benefits from partnering with an established local multi-format retail operator with leading supermarket and retail pharmacy businesses.

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 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, as well as refocused the jurisdictions in which we operate.

The following diagram sets forth our EBITDA evolution by geographic area for the years ended December 31, 2011 and 2016.



* Rest of Europe includes Russia and Moldova; Rest of World includes Azerbaijan, South Korea, China, South Africa, Morocco; Balkans includes Greece, Turkey, Bulgaria, Croatia, Romania, Serbia, and Cyprus; European Union excludes the European Union countries included under the Balkans; and Oceania includes Australia and New Zealand.

Since 2011, management has begun shifting our operations from the greater Balkan region to more advanced economies, such as the United States, Oceania and the European Union (which for the purposes of the following calculation excludes the European Union countries included under the Balkans, which we define as Greece, Turkey, Bulgaria, Croatia, Romania, Serbia and Cyprus). In the year ended December 31, 2016, the United States, Oceania and the European Union represented 44.2% of our EBITDA, compared to 28.2% in the year ended December 31, 2011.

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. In addition, our contract management policy promotes the strategic consideration of potential as well as existing contracts to optimize cash generation.

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 41.0% of our total revenue for the last twelve months ended June 30, 2017, and we have a long track record of successfully managing payout risk. See "Business—Services—Sports Betting Risk Management and Footprint." We also enter into risk exchange agreements with major international betting operators when possible to further reduce our exposure to any one 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 August 2008, we became the first international lottery vendor to be certified according to the World Lottery Association Security Control Standard.

Strong and growing presence in the United States, driven by proactive client management and leading product and technology offerings

Proactive client management leading to increased revenues

The United States has become a key jurisdiction for our Group and a key part of our future growth strategy. Apart from our success in this region, the United States represents a large and attractive market, with advanced and stable regulatory frameworks and a long tradition in promoting and regulating profitable gaming operations. According to GBGC, GGR in the United States was $109.3 billion in 2016. To capitalize on this market, we have undergone rapid growth in the United States since 2015, whereby we have embarked on an aggressive strategy that involves increasing revenue on contracts through procurement processes, extending contracts where possible and profitable, and adding new contracts. As contracts with states such as Idaho, New Mexico, and Montana have matured from initial procurements (approximately ten years ago), we have succeeded in winning new procurements in the last twenty-four months ended June 30, 2017 at rates that are on average 40% higher than the rates on contracts procured prior to this period. This success has been driven by our proactive portfolio management whereby we examine and speak with our customers in order to better understand their needs in today's ever-changing, revenue-driven economy. This type of engagement has typically led to contract extensions and increased revenue opportunities with current customers. Examples of these successes include Arkansas (extended to 2026), Ohio (extended to 2027), Ohio CSP (extended to 2019), and Vermont (extended to 2020), and we are currently in extension negotiations with New Hampshire, Louisiana, and Wyoming. In addition, we have transitioned from a technology-driven organization to a marketing-driven organization, which we believe has allowed us to obtain key new client wins. We continue to add to our portfolio by positioning ourselves not as a commodity-driven business, but rather as a valued business partner.

As one of three primary competitors in the U.S. lottery industry, innovation is critical and Intralot continues to be a leader. Intralot has led the industry in the last three state lottery start-ups, establishing the Arkansas Lottery, Wyoming lottery, and Georgia Coin Operated Amusement Machines (approximately 21,000 devices) and not only selling in record time but sustaining and increasing sales since initiation. Intralot has also successfully passed to the fourth stage of the Illinois lottery bidding process along with Camelot and is on target to add another major U.S. lottery contract in the near future.

Leading product and technology offerings

The lottery gaming landscape is changing, and we have positioned ourselves to not only assist our customers through this change, but to lead the industry in adapting to this change. As a marketing-driven organization, we believe that we lead the entire U.S. lottery industry in re-examining lottery gaming portfolios and conducting extensive portfolio analysis, each of which has enhanced our product offering and our ability to earn new client wins. For example, we have become the industry expert in the fastest-growing lottery gaming content channel, "Instant Online Games"—in 2017, we expect that our customers will sell over $150 million in what was barely identified as a category as recently as 2011.

Furthermore, we continue to set the pace for the industry as the recognized self-service leader. In growing our self-service portfolio, we will soon debut an industry leading 30-Bin Instant Ticket Vending Machine. Our multi-purpose vending machine (which is currently deployed in four U.S. states, with the possibility of adding four more states by 2018) will record collectively over $400 million in sales this year on nearly 5,000 devices. The multi-purpose machine is designed as the anchor for the innovative, rapidly growing, server-based system that not only carries state of the art digital gaming content that appeals to all ages, but also carries the classic lottery games that customers already know and love. This technology has placed us at the forefront for providing every U.S. lottery jurisdiction the ability to have several server-based systems providing different content to lottery players in distribution channels that previously have either not been used before or not used to their full capacity.

Our Strategies

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 and Greece. As of July 31, 2017, we held approximately 144 patents in gaming technology. See "Business—Intellectual Property." 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. See "Business—Our Products and Services—Products—LOTOS Gaming Platform." Our LOTOS gaming platform is a characteristic example of our innovative approach to attract new players through the adoption and implementation of recently developed technologies. Its service-oriented philosophy and modular architecture, in addition to its distinctive third party integration, allows us to provide our players with a uniquely personalized gaming experience. Accordingly, its support for online, mobile and retail channels ensures higher player activity and increased business opportunities for Intralot.

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 applications.

A recent Intralot invention which we consider to be one of the most innovative technologies in the gaming industry is the “Icon Digital Camera Technology” (patent granted, application number US8587663 B2). This camera scanning technology eliminates certain moving parts in terminals and increases POS reliability. The technology has been deployed to approximately 30,000 agents in the United States and worldwide by helping to decrease operational expenditure and overall cost of an operator’s ownership.

We are also committed to maintaining our technological leadership and growing our best-in-class product offerings. In early 2017, we developed and launched our Pulse family of products, a player- and retailer-centric suite of solutions designed to manage the gaming ecosystem, increase performance and reduce operating costs. Pulse will include customer relationship management (CRM) tools to drive player tracking, management and engagement while offering retailers robust content and management solutions. We have also recently announced our partnership with Amelco, a leading online sportsbook platform, to jointly 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 sports betting product will build upon Amelco’s flexible and scalable core sportsbook platform, which is already used by a range of top-tier operators. The new platform is expected to launch in the first half year of 2018, offering a strong competitive advantage in a fast growing sports betting market.

Focus on establishing strong local 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 the establishment of new partnerships. We believe partnerships 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. This also allows us to share financial and operational risk, reduce capital expenditure and improve access to local funding. The following is a list of our local partners, the results for which are fully consolidated in our financial statements, and their EBITDA contribution for the last twelve months ended June 30, 2017:

Local Partnerships

Country	**INTRALOT effective stake**	**Contract type**	**EBITDA contribution in the last twelve months ended June 30, 2017***
Turkey (Inteltek)	45.00%	Management contract	13%
Turkey (Bilyoner)	50.01%	Management contract	8%
Bulgaria (Eurofootball Group)	49.00% + option for additional 2.00%	Licensed operation	12%
Bulgaria (Eurobet Group)	49.00% + option for additional 2.00%	Licensed operation	3%
Azerbaijan	22.95%	Licensed operation	10%
Jamaica	24.97%	Licensed operation	9%
Argentina	50.01%	12 facilities management (IT) contracts with state lottery operators and one licensed operation	10%
Total			**65%**

* For purposes of this table, EBITDA contribution is calculated as a percentage of total Intralot Group EBITDA, including countries with a negative EBITDA

We derive further benefits from dividend streams, particularly with local partners whose results are not fully consolidated in our financial statements (such as our Italian operations and the operations of Intralot Peru), 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. For example, in Turkey we partner with Turkcell, a leading telecommunications provider, and in Italy we entered into a partnership with Gamenet, creating one of the largest local gaming companies.

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. Furthermore, by partnering with well-established and capitalized local partners we will be able to minimize future required capital deployment without hindering our ability to compete for and win new contracts and tenders.

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 certain of our contracts in the Czech Republic, Australia and Russia. 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 the year ended December 31, 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 de-lever our business, with a target net leverage ratio below 2.0x within the next few years, 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 local partnerships, we expect to reduce our capital expenditures and to obtain assistance in accessing local financing on more favorable terms. We also expect to receive dividends from subsidiaries where we hold a minority stake which, along with the cash proceeds from recent divestments, can be used to further reduce our debt. In addition, we seek to maintain a conservative financial policy focused 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. In addition, we intend to have a disciplined capital expenditure policy in regards to undertaking projects that meet our investment-returns criteria. Maintenance capital expenditure for the years ended December 31, 2015 and 2016 and for the six months ended June 30, 2017 were €29.3 million, € 26.8 million and €11.9 million, respectively. We expect our maintenance capital expenditure to be in line with previous years. Any additional capital expenditure is expected to depend on contract renewals or growth.

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.

The Issuer

The Issuer was incorporated on April 22, 2014, as a *société anonyme* under the laws of the Grand Duchy of Luxembourg. The Issuer has its registered office at 46A Avenue J.F. Kennedy, L-1855 Luxembourg and is registered with the Luxembourg Register of Trade and Companies (*Registre de commerce et des sociétés, Luxembourg*) under B186753. The telephone number of the Issuer is +352 42 71 71 1. Intralot Global Securities B.V. directly owns 100.0% of the shares of the Issuer. The Issuer's only significant assets are intercompany proceeds loans made by it to certain members of the Intralot Group using the proceeds of the issuance of the May 2021 Notes and the September 2021 Notes and, following the offering, the Notes. The Issuer has conducted no business operations since its incorporation on April 22, 2014, has no business other than the issuance of the May 2021 Notes, the September 2021 Notes and the Notes and has no source of income except payments received under the intercompany proceeds loans described above.

The Guarantors

On the Issue Date, the Notes were guaranteed by Intralot S.A. and certain subsidiaries of Intralot S.A. On the Issue Date, the Subsidiary Guarantors were Intralot Global Securities B.V., Intralot Global Holdings B.V., Intralot do Brasil Comércio de Equipamentos e Programas de Computador Ltda., OLTP Processamento de Transações Online Ltda, Bilot EOOD, Bilot Investment EOOD, Intralot Cyprus Global Assets Ltd, Betting Company Cyprus Limited, Intralot Holdings International Limited, Intralot Business Development Limited, Intralot International Limited, Intralot Operations Limited, Intralot Germany GmbH, Intralot Interactive S.A., Betting Organization, Operation and Promotion Company S.A. (Betting Company S.A.), Intralot Jamaica Limited, Intralot Nederland B.V., Intralot Italian Investments B.V., Intralot Maroc SA, Intralot Iberia Holdings, S.A., Intralot St Lucia Limited, Intralot Finance UK Ltd, Intralot Inc., Intralot Gaming Services Pty Ltd, and Intralot Finance Luxembourg S.A. On the Issue Date, the Notes have been guaranteed by Intralot S.A. and the same subsidiaries of Intralot S.A. that currently guarantee the September 2021 Notes (the "September 2021 Notes Guarantors") on a *pari passu* basis, except that Pollot sp. z o.o., Beta Rial sp. z o.o., White Eagle Investments Limited, Slovenské Lotérie A.S. and "Intralot" Co. Ltd. will not be Guarantors, and Intralot Gaming Services Pty Ltd will be a Guarantor.

As of and for the last twelve months ended June 30, 2017, the Issuer, the Guarantors and their direct subsidiaries that are not Guarantors, on a consolidated basis, together represented 84.4% of our consolidated EBITDA and 89.8% of our consolidated total assets. As of and for the last twelve months ended June 30, 2017, the Issuer and the Guarantors that contributed positive EBITDA to the Intralot Group together represented 36.6% of our consolidated EBITDA and the Issuer and the Guarantors together represented 66.9% of our consolidated total assets, in each case on an unconsolidated basis and excluding intra-Group items and investments in Restricted Subsidiaries. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures." The guarantees are subject to certain limitations. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations" and "Description of the Notes—Limitation of Guarantees." As of June 30, 2017, on an actual and *pro forma* basis the non-Guarantor subsidiaries of the Company (other than the Issuer) had €6.7 million and €6.3 million of debt outstanding, respectively. The Notes will contain a covenant which would require any non-Guarantor Restricted Subsidiary (excluding non-Guarantor Restricted Subsidiaries that were in existence on the Issue Date) that becomes a Material Company (as defined in "Description of the Notes") to become a Guarantor. See "Description of the Notes—Certain Covenants—Additional Guarantors."

The Transactions

Redemption of the May 2021 Notes

Concurrently with the offering of the Notes, the Issuer called for the redemption of all outstanding May 2021 Notes at a redemption price equal to 103.00% of the aggregate principal amount thereof, plus accrued and unpaid interest up to (but excluding) the redemption date. The redemption of all outstanding May 2021 Notes is expected to take place on October 11, 2017, and is subject to the successful completion of the offering of the Notes.

The "Transactions" refers to (i) the issuance of €500.0 million in aggregate principal amount of the Notes offered hereby, (ii) the full redemption of the aggregate principal amount of May 2021 Notes, (iii) the full repayment of the Syndicated Facilities, and (iv) the payment of related fees and expenses.

Recent Developments

Trading Update

The following information relates to our current performance and is derived from our internal management accounts for the month of July 2017, and has not been audited, reviewed or verified by our auditors and you should not place undue reliance on it. For the seven months ended July 31, 2017, our revenue and EBITDA were €841.5 million and €104.7 million, respectively, an increase of €104.8 million and € 4.5 million (14.2% and 4.5%), compared to €736.7 million and €100.2 million for the seven months ended July 31, 2016. Our financial performance in July of 2017 was otherwise in line with seasonal trends.

Recent M&A Transactions

Gamenet IPO

On August 29, 2017, Gamenet has announced its intention to offer its shares on the Milan bourse stock exchange (the "Gamenet IPO"). We hold approximately 20% in Gamenet, with Trilantic Capital Partners Europe holding the other 80%. We expect to participate in selling a portion of our shares in the Gamenet IPO.

Jamaica

As of the date of this Listing Prospectus, the Company has signed a memorandum of understanding ("MoU") regarding the potential sale of its 50.05% stake in Intralot Caribbean Ventures Ltd which holds a 49.90% in Supreme Ventures Limited, an operator of various games, including numerical games and sports betting, in Jamaica. Other than the execution of the MoU, no other action has taken place, such as the initiation of a due diligence process. There is therefore no assurance that a share purchase agreement will be signed, or that, even if such an agreement is signed, that the transaction will be finally consummated.

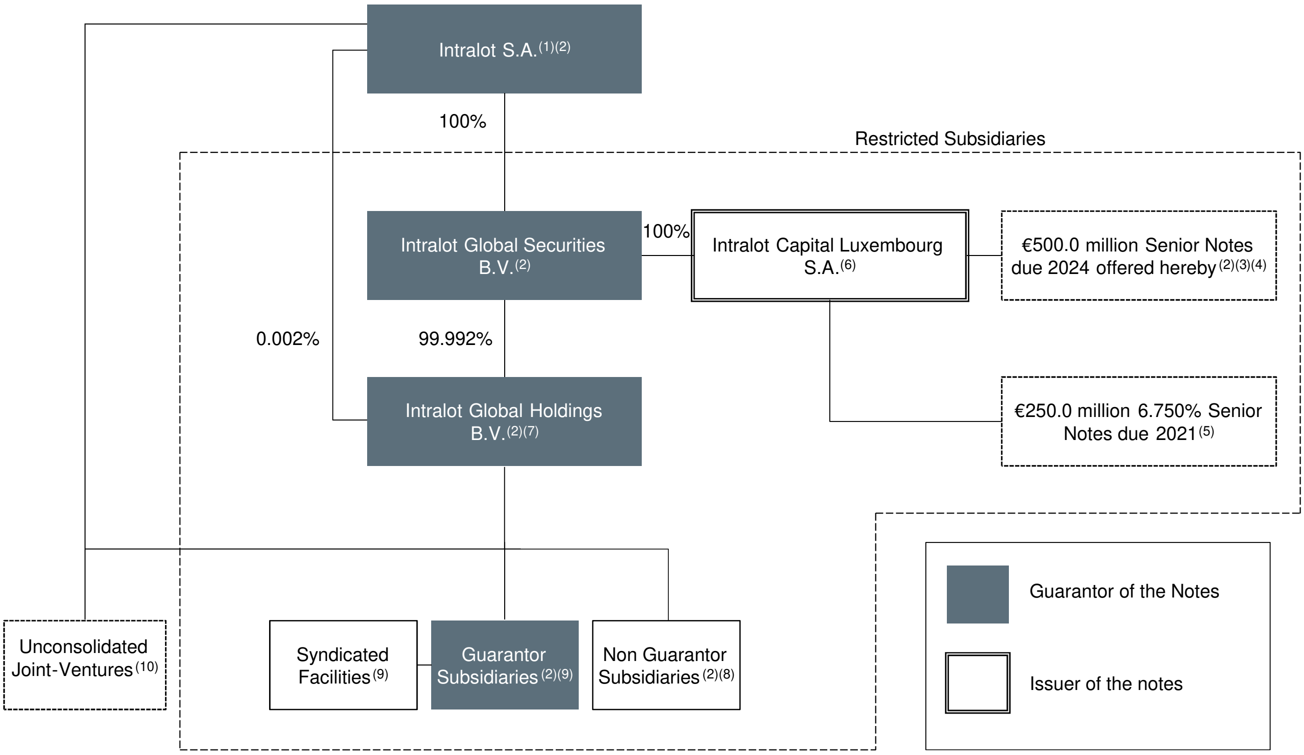
Russia

In December 2016, we took the decision to definitively discontinue our activities regarding the betting services provided through our subsidiary Favorit Bookmakers Office OOO in Russia and, in June 2017, we sold 100% of the shares of Favorit Bookmakers Office OOO. In accordance with IFRS 5 par. 13, we have classified the betting operations in Russia as discontinued operations in our audited consolidated financial statements for the year ended December 31, 2016 and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017. In addition, the financial information for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 have also been restated to reflect this classification. For more information, see note 2.20.A.VIII of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017. This transaction did not have any impact on our EBITDA for the last twelve months ended June 30, 2017 given that our EBITDA for the period already reflects Favorit Bookmakers Office OOO operations as discontinued operations. See "Presentation of Financial and Other Information."

Although we have exited the betting services market, we still have management operations in Russia through Intralot OOO Ltd.

SUMMARY OF OUR CORPORATE AND DEBT STRUCTURE

Set forth below is a simplified and summarized corporate and financing structure chart indicating the entities that are the Issuer and the Guarantors of the Notes and our financing arrangements after giving *pro forma* effect to the issuance of the Notes offered hereby and the application of the net proceeds therefrom. See "Use of Proceeds." The chart below does not include all entities in the Intralot Group, nor does it show all of the liabilities in the Intralot Group. The following chart is provided for indicative and illustrative purposes only and should be read in conjunction with the information contained in this Listing Prospectus as a whole. Please see "Use of Proceeds" and "Description of Other Indebtedness."



(1) Intralot S.A. is listed on the Athens Exchange S.A. ("Athens Exchange"). We consolidate certain subsidiaries under IFRS in which we have a minority ownership but nevertheless control, either through certain shareholder agreements or by virtue of our control of a controlling intermediate holding company. With respect to these subsidiaries, we have the ability to require the declaration of dividends, either due to our voting power or through shareholder agreements that enable us to mandate such declaration up to the maximum amount permissible under local laws. We may choose not to require the declaration of a dividend due to tax considerations or because the cash is intended for local investments. See "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Liquidity and Capital Resources."

(2) From the Issue Date, the Notes are guaranteed by Intralot S.A. and the Subsidiary Guarantors. As of and for the last twelve months ended June 30, 2017, the Issuer, the Guarantors and their direct subsidiaries that are not Guarantors, on a consolidated basis, together represented 84.4% of our consolidated EBITDA and 89.8% of our consolidated total assets. As of and for the last twelve months ended June 30, 2017, the Issuer and the Guarantors that contributed positive EBITDA to the Intralot Group together represented 36.6% of our consolidated EBITDA and the Issuer, the Guarantors together represented 66.9% of our consolidated total assets, in each case on an unconsolidated basis and excluding intra-Group items and investments in Restricted Subsidiaries. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures." The Guarantees are subject to certain limitations. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations" and "Description of the Notes—Limitation of Guarantees." As of June 30, 2017, on an actual and *pro forma* basis the non-Guarantor subsidiaries of the Company (other than the Issuer) had €6.7 million and €6.3 million of debt outstanding, respectively. The Notes contain a covenant which would require any non-Guarantor Restricted Subsidiary (excluding non-Guarantor Restricted Subsidiaries that were in existence on the Issue Date) that becomes a Material Company (as defined in "Description of the Notes") to become a Guarantor. See "Description of the Notes—Certain Covenants—Additional Guarantors." For more information on the ownership structure of the Subsidiary Guarantors, please see Note 2.20A of the Unaudited Consolidated Financial Statements of the Company as of and for the six months ended June 30, 2017.

(3) The Notes will rank equally in right of payment with any existing and future debt of the Issuer that is not subordinated in right of payment to the Notes, rank senior in right of payment to any existing and future debt of the Issuer that is subordinated in right of payment to the Notes, and be effectively subordinated in right of payment to any existing and future debt of the Issuer that is secured by liens, to the extent of the value of the assets securing such debt.

(4) We intend to use the net proceeds of the offering of the Notes (i) to fully redeem the May 2021 Notes, (ii) to fully repay the Syndicated Facilities, and (iii) for general corporate purposes. See "Use of Proceeds."

(5) The September 2021 Notes comprise €250.0 million in aggregate principal amount of 6.750% senior notes due September 15, 2021 issued by the Issuer on September 23, 2016, €250.0 million of which remained outstanding as of June 30, 2017. The September 2021 Notes rank

equally in right of payment with any existing and future debt of the Issuer that is not subordinated in right of payment to the September 2021 Notes, rank senior in right of payment to any existing and future debt of the Issuer that is subordinated in right of payment to the September 2021 Notes, and are effectively subordinated in right of payment to any existing and future debt of the Issuer that is secured by liens, to the extent of the value of the assets securing such debt. The September 2021 Notes are guaranteed by Intralot S.A. and the September 2021 Notes Guarantors.

(6) The Issuer is a wholly-owned subsidiary of Intralot Global Securities B.V. The Issuer has no significant assets other than, following the offering, intercompany loans made by it using the proceeds of the issuance of the Notes and the September 2021 Notes. The Issuer has no business other than the issuance of the Notes. The Issuer guarantees the liabilities of Intralot Finance UK Ltd under the Syndicated Facilities.

(7) The shares of Intralot Global Holdings B.V. are held 99.992% by Intralot Global Securities B.V., 0.002% by Intralot S.A., 0.002% by Intralot Holdings International Ltd., 0.002% by Intralot International Ltd. and 0.002% by Intalot Operations Ltd.

(8) As of June 30, 2017, on an actual and a *pro forma* basis, the non-Guarantor subsidiaries of the Company (other than the Issuer) had €6.7 million and €6.3 million of debt outstanding, respectively.

(9) The Syndicated Facilities comprise €86.1 million revolving facility (the "Revolving Facility"), a €98.9 million term facility (the "Term Facility") and a €40.0 million standby revolving facility (the "Standby Revolving Facility"). The Syndicated Facilities mature on December 16, 2019. As of June 30, 2017, the amount outstanding under the Syndicated Facilities was €155.0 million. As of the date hereof, the amount outstanding under the Syndicated Facilities was €165.0 million, following a €10.0 million drawing under the Revolving Facility to repay a Local Credit Facility. The Syndicated Facilities rank equally in right of payment with any existing and future debt of the Issuer that is not subordinated in right of payment to the Syndicated Facilities, rank senior in right of payment to any existing and future debt of the Issuer that is subordinated in right of payment to the Syndicated Facilities, and are effectively subordinated in right of payment to any existing and future debt of the Issuer that is secured by liens, to the extent of the value of the assets securing such debt. The Syndicated Facilities are guaranteed by Intralot S.A. and the September 2021 Notes Guarantors. All amounts outstanding under the Syndicated Facility will be repaid with the proceeds from the offering of the Notes. While amounts outstanding will be fully repaid, the Revolving Facility and the Standby Revolving Facility will not be cancelled but will remain available for drawing. See "Description of Other Indebtedness—Syndicated Facilities Agreement" and "Use of Proceeds." The calculation for the leverage ratio under the Syndicated Facilities is different than the calculation of the ratio of pro forma net financial debt to EBITDA. Please see "Description of Other Indebtedness—Syndicated Facilities Agreement—Financial Covenants" and "Summary Consolidated Financial Information—Other Financial Data." The Company is currently in compliance with the leverage ratio under the Syndicated Facilities.

(10) Our unconsolidated joint ventures include our Italian operations and the operations of Intralot Peru.

SUMMARY OF THE OFFERING

The following is a brief summary of certain terms of the offering of the Notes and may not contain all the information that is important to you. For additional information regarding the Notes, see "Description of the Notes."

Issuer.. Intralot Capital Luxembourg S.A., a public limited liability company (*société anonyme*) organized and existing under the laws of the Grand Duchy of Luxembourg.

Company.. Intralot S.A.—Integrated Lottery Systems and Services, a public limited liability company (*société anonyme*) organized under the laws of the Hellenic Republic.

Notes offered .... €500.0 million in aggregate principal amount of 5.250% senior notes due 2024 (the "Notes").

Issue date .... September 20, 2017.

Issue price...................................... 100.000%.

Maturity date .... September 15, 2024.

Interest rates and payment dates.. The Notes bear interest at a rate of 5.250% per annum, payable semi-annually in arrear on March 15 and September 15 of each year, beginning on March 15, 2018. Interest on the Notes will accrue from the Issue Date.

Form and denomination................ The Notes have been issued in global form in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof and will be maintained in book-entry form.

Ranking of the Notes .... The Notes:

- are a general obligation of the Issuer;
- are effectively subordinated to any existing and future debt of the Issuer that is secured by assets that do not secure the Notes, to the extent of the value of assets securing such debt;
- rank pari passu in right of payment with all existing and future debt of the Issuer that is not subordinated in right of payment to the Notes; and
- rank senior in right of payment to all existing and future debt of the Issuer that is subordinated in right of payment to the Notes.

Guarantees .... The Notes have the benefit of a Guarantee of the Company and Subsidiary Guarantees of certain subsidiaries of the Company. As of and for the last twelve months ended June 30, 2017, the Issuer, the Guarantors and their direct subsidiaries that are not Guarantors, on a consolidated basis, together represented 84.4% of our consolidated EBITDA and 89.8% of our consolidated total assets. As of and for the last twelve months ended June 30, 2017, the Issuer and the Guarantors that contributed positive EBITDA to the Intralot Group together represented 36.6% of our consolidated EBITDA and the Issuer and the Guarantors together represented 66.9% of our consolidated total assets, in each case on an unconsolidated basis and excluding intra-Group items and investments in Restricted Subsidiaries. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures." The Guarantees will be subject to certain limitations. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations" and "Description of the Notes—Limitation of Guarantees." As of June 30, 2017, on an actual and *pro forma* basis the non-Guarantor subsidiaries of the Company (other than the Issuer) had €6.7 million and €6.3 million of debt outstanding, respectively. The Notes will contain a covenant which would require any non-Guarantor Restricted Subsidiary (excluding non-Guarantor Restricted Subsidiaries that were in existence on the Issue Date) that becomes a Material Company (as defined in "Description of the Notes") to become a Guarantor. See "Description of the Notes—Certain Covenants—Additional Guarantors."

Each Guarantee:

- is a general obligation of the relevant Guarantor;
- ranks pari passu in right of payment with any existing and future debt of the relevant Guarantor that is not subordinated in right of payment to such Guarantee, including the Syndicated Facilities;
- ranks senior in right of payment to any existing and future debt of the relevant Guarantor that is subordinated in right of payment to such Guarantee;
- is effectively subordinated in right of payment to any existing and future debt of the relevant Guarantor that is secured by assets that do not secure the Notes to the extent of the value of the assets securing such debt; and
- is structurally subordinated to all existing and future obligations of the

relevant Guarantor's subsidiaries that do not guarantee the Notes.

Optional redemption .... The Notes will be redeemable at our option, in whole or in part, at any time on or after September 15, 2020, at the redemption prices set forth in this Listing Prospectus, together with any accrued and unpaid interest and additional amounts, if any, to the date of redemption.

At any time prior to September 15, 2020, we may redeem some or all of the Notes at a price equal to 100% of the principal amount plus any accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium.

In addition, prior to September 15, 2020, we may redeem at our option up to 40% of the aggregate principal amount of the Notes using the proceeds of certain equity offerings at the redemption price set forth herein plus any accrued and unpaid interest and additional amounts, if any.

See "Description of the Notes—Optional Redemption."

Optional redemption for tax reasons .... The Issuer may also redeem the Notes at any time, in whole but not in part, for reasons of taxation, if as a result of any change in, or amendment to, the laws or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of the relevant taxing jurisdiction in respect of the Issuer or, as applicable, any Guarantor, affecting taxation or the obligation to pay duties of any kind, the Issuer or, as the case may be, any Guarantor, will become obligated to pay additional amounts. See "Description of the Notes—Optional Redemption—Redemption upon Changes in Withholding Tax."

Additional amounts .... Any payments made by the Issuer or any Guarantor with respect to the Notes or any Guarantees will be made without withholding or deduction for taxes in (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction of any paying agent or any political subdivision thereof or therein (each, a "Tax Jurisdiction") unless required by law. If the Issuer or Guarantor is required by law to withhold or deduct for taxes of the relevant Tax Jurisdiction with respect to a payment to the holders of the Notes or any Guarantees, the Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of the Notes or any Guarantees after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "Description of the Notes—Additional Amounts."

Change of Control......................... Upon the occurrence of certain change of control events, the Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control."

Certain covenants .... The indenture governing the Notes (the "Indenture") limits the Company and its restricted subsidiaries' ability to, among other things:

- incur or guarantee additional debt;
- incur debt at Greek entities as long as Greece is rated below Ba2 by Moody's;
- make certain restricted payments and investments, including dividends or other distributions with regard to the shares of the Company or its restricted subsidiaries;
- create or incur certain liens;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of the Notes—Certain Covenants."

Selling and transfer restrictions ... The Notes and the Guarantees have not been registered under the U.S. Securities Act. The Notes may only be offered or sold in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act. See "Transfer Restrictions."

Use of proceeds.............................. We intend to use the net proceeds of the offering of the Notes, together with cash on balance sheet (i) to fully redeem the May 2021 Notes, (ii) to repay the Syndicated Facilities, (iii) to repay related fees and expenses, and (iv) for general corporate purposes. See "Use of Proceeds."

Listing and admission to trading ..	Application has been made to list the Notes on the Official List of the LxSE and to admit the Notes for trading on the LxSE's Euro MTF Market.
Trustee	The Law Debenture Trust Corporation p.l.c.
Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Governing law for the Notes, the Guarantees and the Indenture ..	New York.
Risk factors	Investing in the Notes involves substantial risks. You should carefully consider all the information in this Listing Prospectus, and, in particular, you should evaluate the specific risk factors set forth in the "Risk Factors" section in this Listing Prospectus before making a decision whether to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present the Intralot Group's summary consolidated financial information and should be read in conjunction with the audited consolidated financial statements and unaudited interim consolidated financial statements of Intralot S.A. and the notes thereto contained in this Listing Prospectus and the sections entitled "Use of Proceeds," "Capitalization" and "Management's Discussion and Analysis of Our Financial Condition and Results of Operations."

The summary financial information provided below was extracted from our audited consolidated financial statements as of and for the years ended December 31, 2015 and 2016 prepared in accordance with IFRS and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 prepared in accordance with IAS 34, "Interim Financial Reporting." In addition, the financial information for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 have also been restated to reflect the classification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations, as described further in "Presentation of Financial and Other Information—Financial Information."

Unaudited financial information for the last twelve months ended June 30, 2017 is calculated by adding the unaudited interim consolidated financial information for the six months ended June 30, 2017 to the difference between the audited consolidated financial information for the full year ended December 31, 2016 and the unaudited interim consolidated financial information for the six months ended June 30, 2016, all extracted from our consolidated financial statements included elsewhere in the Listing Prospectus. The unaudited financial information for the last twelve months ended June 30, 2017 has been prepared for illustrative purposes only and the results of operations for the year ended December 31, 2015 that were included in our audited consolidated financial statements for the year ended December 31, 2016, which have been adjusted to present our Italian operations, operations of Intralot Peru and the betting operations in Russia as discontinued operations, have been prepared for comparative purposes only, and both are not necessarily representative of our results of operations for any future period or our financial condition at any future date.

This Listing Prospectus includes consolidated financial data which has been adjusted to reflect certain effects of the sale of the Notes and the use of proceeds on our financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid as at and for the last twelve months ended June 30, 2017. Our consolidated pro forma financial data have been prepared for illustrative purposes only and do not purport to represent what our actual financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid would have been if the sale of the Notes and the use of proceeds had occurred on June 30, 2017, nor does it purport to project our financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid at any future date. The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this Listing Prospectus are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures."

Income Statement Data

	Year ended December 31,				Six months ended June 30,[1]		
	2014	2015	2015A[1]	2016	2016	2017	Twelve months ended June 30,[1] 2017
	(€ in millions)						
Income Statement Information:							
Revenue[2]	1,853.1	1,914.9	1,235.4	1,323.6	636.9	733.2	1,419.9
Cost of sales	(1,582.9)	(1,653.3)	(1,001.7)	(1,090.5)	(517.7)	(606.2)	(1,179.0)
Gross profit	**270.2**	**261.6**	**233.7**	**233.1**	**119.2**	**127.0**	**240.9**
Other operating income	18.6	24.9	23.2	33.1	10.2	8.8	31.7
Selling expenses	(60.3)	(66.4)	(56.5)	(56.3)	(27.4)	(29.4)	(58.3)
Administrative expenses	(119.9)	(125.0)	(89.8)	(87.4)	(41.8)	(45.3)	(90.9)
Research and development expenses	(7.2)	(6.1)	(6.1)	(4.7)	(2.7)	(2.7)	(4.7)
Other operating expenses	(13.3)	(10.0)	(5.2)	(9.9)	(1.4)	(1.9)	(10.4)
EBIT[3]	**88.1**	**79.0**	**99.3**	**107.9**	**56.1**	**56.5**	**108.3**
EBITDA[3]	**175.4**	**177.2**	**164.9**	**175.8**	**89.0**	**92.2**	**179.0**

Income/(expenses) from participations and investments	0.0	(0.2)	(0.2)	(17.5)	(1.3)	0.9	(15.3)
Gain/(loss) from assets disposal, impairment and write-off	(1.5)	(2.0)	(0.7)	(8.5)	(1.8)	(1.0)	(7.7)
Interest and similar charges	(70.8)	(68.6)	(67.8)	(87.5)	(34.1)	(27.2)	(80.6)
Interest and related income	12.5	18.0	17.9	11.8	6.2	3.6	9.2
Exchange differences	10.6	3.6	3.5	3.1	(3.0)	(4.2)	1.9
Profit/(loss) from equity method consolidation	(2.3)	(4.1)	(4.1)	(4.5)	(1.8)	(2.0)	(4.7)
Operating profit/loss before tax from continuing operations	**36.6**	**25.7**	**47.9**	**4.8**	**20.3**	**26.6**	**11.1**
Taxes	(44.2)	(46.4)	(45.1)	(32.6)	(15.3)	(17.5)	(34.8)
Net profit/(loss) from continuing operations (a)	**(7.6)**	**(20.7)**	**2.8**	**(27.8)**	**5.0**	**9.1**	**(23.7)**
Net profit/(loss) from discontinued operations (b)	0.0	0.0	(23.5)	72.7	34.6	(12.1)	26.0
Net profit/(loss) (continuing & discontinued operations) (a) + (b)	**(7.6)**	**(20.7)**	**(20.7)**	**44.9**	**39.6**	**(3.0)**	**2.3**
Total comprehensive income/(expense) after tax[4]	5.6	(7.1)	(7.1)	(8.8)	(5.1)	(9.4)	(13.1)
Total income after tax	**(2.0)**	**(27.8)**	**(27.8)**	**36.1**	**34.5**	**(12.4)**	**(10.8)**

Balance Sheet Data

	As of December 31,			As of June 30, 2017
	2014	2015[5]	2016	
	(€ in millions)			
Balance Sheet Information:				
Assets				
Non-current assets	**670.8**	**647.4**	**694.5**	**672.0**
of which: Tangible fixed assets	182.8	166.5	127.0	111.3
of which: Intangible assets	348.9	328.8	329.6	334.4
Current assets	**684.3**	**521.9**	**366.6**	**332.6**
of which: Cash and cash equivalents	416.9	276.6	164.4	147.2
Total assets	**1,355.1**	**1,169.3**	**1,061.1**	**1,004.6**
Total liabilities	**1,037.6**	**961.9**	**864.6**	**851.6**
Total equity and liabilities	**1,355.1**	**1,169.3**	**1,061.1**	**1,004.6**
Total debt[6]	798.3	754.3	659.3	664.0
Net debt[7]	381.4	477.7	494.9	516.8

Cash Flow Statement Data

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2014	2015	2016	2016	2017	2017
	(€ in millions)					
Cash Flow Information:						
Net cash from operating activities	153.0	113.8	168.1	86.2	77.2	159.1
Net cash from investing activities	(44.9)	(59.8)	(49.6)	(43.3)	(32.3)	(38.6)
Net cash from financing activities	157.0	(182.3)	(225.3)	(96.8)	(54.5)	(183.0)
Net cash flow[8]	**265.1**	**(128.3)**	**(106.8)**	**(53.9)**	**(9.6)**	**(62.5)**
Cash flow available for debt service[9]	97.1	10.1	85.0	31.4	36.9	90.5

Other Financial Data

	As of or for the year ended December 31,				As of or for the six months ended June 30,[1]		As of or for the twelve months ended June 30,
	2014	2015	2015A[1]	2016[1]	2016	2017	2017[1]
	(€ in millions, except ratios)						
Net financial debt (at end of period)	381.4	477.7	485.1	495.5	511.5	516.8	516.8
EBITDA[3]	175.4	177.2	164.9	175.8	89.0	92.2	179.0
Pro forma gross financial debt[10]							760.2
Pro forma cash and cash equivalents[11]							203.6
Pro forma net financial debt[12]							556.6
Pro forma net interest paid[13]							(44.1)
Ratio of *pro forma* net financial debt to EBITDA[14]							3.1x
Ratio of EBITDA to *pro forma* net interest paid							(4.1x)

Trade Working Capital Split

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	(€ in millions)			
Inventories	52.0	42.6	32.2	35.2
Trade receivables	151.1	136.4	102.6	95.0
Trade payables	(94.4)	(68.7)	(65.9)	(68.9)
Trade working capital	**108.7**	**110.3**	**68.9**	**61.3**

(1) We define "2015A" as the results of operations for the year ended December 31, 2015 that were included in our audited consolidated financial statements for the year ended December 31, 2016, which were adjusted to present our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations (which do not include the results of Eurobet). The results of operations for the six months ended June 30, 2016 also present the reclassification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations, and do not contain the results of Eurobet. Net financial debt as at December 31, 2016 and as at June 30, 2016 has been adjusted to exclude net financial debt of the betting operations in Russia.

(2) Reconciliation of revenue to revenue net of payout:

	Year ended December 31,				Six months ended June 30,[1]		Twelve months ended June 30,
	2014	2015	2015A[1]	2016	2016	2017	2017[1]
	(€ in millions)						
Revenue	1,853.1	1,914.9	1,235.4	1,323.6	636.9	733.2	1,419.9
Payout	(929.8)	(948.8)	(577.0)	(642.1)	(297.2)	(369.7)	(714.6)
Revenue net of payout	**923.3**	**966.1**	**658.4**	**681.5**	**339.7**	**363.5**	**705.3**

(3) We define EBIT as operating profit before tax plus profit/(loss) equity method consolidations, exchange differences, interest and related income and interest and similar charges, write-off and impairment losses of assets and investments, and gain/(loss) from asset disposal, all for the same period, and EBITDA as EBIT before depreciation and amortization, all for the same period. We are not presenting EBIT or EBITDA as measures of our results of operations. EBIT and EBITDA have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Our management believes that the presentation of EBIT and EBITDA is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBIT and EBITDA may not be comparable to similarly titled measures used by other companies. EBIT, EBITDA and leverage and coverage ratios are not measurements of financial performance under IFRS and should not be considered as alternatives to other

indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

Reconciliation of operating profit before tax to EBIT and EBITDA:

	Year ended December 31,				Six months ended June 30,[1]		Twelve months ended June 30,
	2014	**2015**	**2015A[1]**	**2016**	**2016**	**2017**	**2017[1]**
					(€ in millions)		
Operating profit/loss before tax	**36.6**	**25.7**	**47.9**	**4.8**	**20.3**	**26.6**	**11.1**
Profit/(loss) equity method consolidation	2.3	4.1	4.1	4.5	1.8	2.0	4.7
Exchange differences	(10.6)	(3.6)	(3.5)	(3.1)	3.0	4.2	(1.9)
Interest and related income	(12.5)	(18.0)	(17.9)	(11.8)	(6.2)	(3.6)	(9.2)
Interest and similar charges	70.8	68.6	67.8	87.5	34.1	27.2	80.6
Income/(expenses) from participations and investments	0.0	0.2	0.2	17.5	1.3	(0.9)	15.3
Gain/(loss) from assets disposal, impairment and write-off	1.5	2.0	0.7	8.5	1.8	1.0	7.7
EBIT	**88.1**	**79.0**	**99.3**	**107.9**	**56.1**	**56.5**	**108.3**
Depreciation and amortization	87.3	98.2	65.6	67.9	32.9	35.7	70.7
EBITDA	**175.4**	**177.2**	**164.9**	**175.8**	**89.0**	**92.2**	**179.0**

(4) Total comprehensive income/(expense) after tax is calculated from net profit from continuing and discontinuing operations adjusted for valuation of available for sale financial instruments, derivatives valuation, defined benefit plans revaluation and exchange differences on translating foreign operations.

(5) The adjustments described in footnote (1) above, which were based on IFRS requirements, have not been made to our balance sheet data for the year ended December 31, 2015 in accordance with IFRS guidelines. As a result, comparability of balance sheet data is affected between the years ended December 31, 2015 and 2016 due to the discontinuation of our Italian operations, operations of Intralot Peru, and the betting operations in Russia.

(6) Total debt means indebtedness owed to third parties.

(7) Net debt is calculated by deducting cash and cash equivalents from total debt.

(8) Net cash flow is the sum of net cash from operating activities, net cash from investing activities and net cash from financing activities.

(9) Reconciliation of EBITDA to cash flow available for debt service:

	Year ended December 31,			Six months ended June 30[1]		Twelve months ended June 30,
	2014	**2015**	**2016**	**2016**	**2017**	**2017[1]**
				(€ in millions)		
EBITDA	**175.4**	**177.2**	**175.8**	**89.0**	**92.2**	**179.0**
Change in Working Capital[a]	(0.5)	(41.9)	4.4	1.8	(0.2)	2.4
Income tax paid	(29.0)	(28.2)	(26.2)	(15.0)	(15.7)	(26.9)
Maintenance Capital Expenditures[b]	(25.1)	(29.3)	(26.8)	(16.4)	(11.9)	(22.3)
License renewals[c]	—	—				
Dividends paid[d]	(23.7)	(67.7)	(42.2)	(28.0)	(27.5)	(41.7)
Cash Flow Available for Debt Service before discretionary and expansion capex[e]	**97.1**	**10.1**	**85.0**	**31.4**	**36.9**	**90.5**

(a) We define change in working capital as the sum of changes in inventories and receivables, less changes in payables, resulting from the cash flow statement. The €41.9 million outflow in 2015 was the result of a one-off working capital normalization process due to payments to suppliers' prior years outstanding balances and player winnings made on various projects.

(b) Maintenance capital expenditures relate to our existing projects to maintain, replace or upgrade our lottery IT infrastructure, as required, in order to keep our lottery systems in good working order, during each contract's term.

(c) License renewals represent the position of net cash from investing activities used to renew licenses that we already hold.

(d) Dividends paid reflects dividends paid to non-controlling shareholders of subsidiaries and amounted to €23.7 million, €67.7 million and €42.2 million in the years ended December 31, 2014, 2015 and 2016, respectively, and € 41.7 million in the last twelve months ended June 30, 2017. There were no dividends paid to shareholders of the Company in the years ended December 31, 2014, 2015 and 2016, as well as in the twelve months ended June 30, 2017. The €67.7 million and €42.2 million dividends paid in the years ended December 31, 2015 and 2016, respectively, related mostly to a distribution of reserved earnings that had been retained in Inteltek (our 45% owned subsidiary in Turkey) over the course of several years for the purpose of financing potential investments.

(e) Cash Flow Available for Debt Service before discretionary and expansion capex means EBITDA adjusted for the effects of changes in Working Capital, Taxes, Maintenance Capital Expenditures, license renewals and Dividends paid.

(10) *Pro forma* gross financial debt represents financial debt as adjusted to give *pro forma* effect to the offering of the Notes as if the offering had occurred on June 30, 2017.

(11) *Pro forma* cash and cash equivalents represents cash and cash equivalents, adjusted to give *pro forma* effect to the offering of the Notes, as described in "Use of Proceeds."

(12) *Pro forma* net financial debt represents *pro forma* gross financial debt less *pro forma* cash and cash equivalents.

(13) *Pro forma* net interest paid reflects our net interest expense for the last twelve months ended June 30, 2017, as adjusted, as if the Notes had been issued and the proceeds therefrom had been applied as set forth in "Use of Proceeds" on July 1, 2016. *Pro forma* net interest paid does not include any charges related to debt issuance costs in connection with the offering of the Notes.

(14) The calculation for the leverage ratio under the Syndicated Facilities is different than the calculation of the ratio of pro forma net financial debt to EBITDA. Please see "Description of Other Indebtedness—Syndicated Facilities Agreement—Financial Covenants."

RISK FACTORS

Before deciding to purchase the Notes, you should carefully review and consider the following risk factors and the other information contained in this Listing Prospectus. The occurrence of one or more of these risks alone or in combination with other circumstances may have a material adverse effect on our business and cash flows, financial condition and results of operations and may affect our ability to fulfill our obligations under the Notes and the Guarantees. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude or significance of the individual risks. Investing in the Notes could involve additional risks and uncertainties of which we are not currently aware, or which we do not currently consider material on the basis of our regular risk assessments. The risks to which our business is exposed may result in inaccuracies in risk assessments or other forward-looking statements. An investment in the Notes is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to absorb any potential loss stemming therefrom.

Risks Related to the Gaming Industry

Our industry is subject to extensive regulations and oversight and if we fail to comply with applicable laws and regulations, or if we become subject to new, more stringent laws and regulations, it could adversely affect our rights.

Gaming regulatory requirements vary from jurisdiction to jurisdiction. Because of the broad geographical reach of our operations, we are subject to a wide range of complex gaming laws and regulations in the jurisdictions in which we are licensed or operate. These regulations govern, for example, advertisement, payouts, taxation, cash and anti-money laundering compliance procedures and other specific limitations, such as the number of gaming machines in a given POS and their proximity to each other. Most jurisdictions require that we be licensed. If a license, approval or finding of suitability is required by a regulatory authority and we fail to seek or do not receive the necessary approval, license or finding of suitability, then we may be prohibited from providing our products or services for use in the particular jurisdiction. See "—Risks Related to Our Business Operations—We rely on government licenses in order to conduct our main business activities and termination of these licenses would have a material adverse effect on our revenue."

The regulatory environment in any particular jurisdiction may change in the future, and any such change could have a material adverse impact on our results of operations, business or prospects. For additional discussion regarding risks associated with the evolving interactive gaming regulatory landscape see "—Risks Related to Our Business Operations—We may not be able to capitalize on market trends (including the expansion of online gambling) and other changes in the gaming industry."

There can be no assurance that law enforcement or gaming regulatory authorities will not seek to restrict our business in their jurisdictions or even institute enforcement proceedings. In addition, there can be no assurance that any investigation or instituted enforcement proceedings will be favorably resolved, or that such proceedings will not have a material adverse impact on our ability to retain and renew existing licenses or to obtain new licenses in other jurisdictions.

Lottery authorities with which we do business may require the removal of any of our employees reasonably believed to be unsuitable and are generally empowered to disqualify us from receiving a lottery contract or operating a lottery system as a result of any such investigation or proceeding. Our failure, or the failure of any of our key personnel, systems or machines, in obtaining or retaining a required license or approval in one jurisdiction could negatively impact our ability (or the ability of any of our key personnel, systems or gaming machines) to obtain or retain required licenses and approvals in other jurisdictions. The failure to obtain or retain a required license or approval in any jurisdiction would decrease the geographic areas where we may operate and generate revenues, decrease our share in the lottery or gaming industry and put us at a disadvantage relative to our competitors and potentially damage our reputation.

If one or more of our licenses are terminated, we may not be compensated adequately and such termination may have a material adverse effect on our business, financial condition and results of operations.

The gaming industry may be subject to new or increased taxation.

The gaming industry is subject to taxation at the regional and/or national level in most of the jurisdictions in which we operate. Such taxes may be increased and new taxes and regulations may come into effect. Furthermore, our licenses are subject to taxation upon renewal, and we cannot be certain as to what the renewal fee or canon tax surcharge attributable to our licenses will be when and if our licenses are renewed. As gaming taxes represent a significant percentage of our operating costs, increases in gaming taxes may render our affected operations unprofitable and otherwise have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

Compliance with regulatory investigations and approval requirements may impose substantial costs on our business and disrupt our operations.

The gaming authorities in some jurisdictions may investigate companies or individuals who have a material relationship with us or our equity holders to determine whether the selected individual or stockholder is acceptable to the gaming authorities. While any such investigated company, individual or stockholder is obligated to pay the costs of the investigation, such an investigation will be time-consuming and may be disruptive to our operations. Failure of companies, individuals or stockholders to cooperate with any such investigation could negatively impact our ability to obtain or maintain our licenses, which would have a material adverse effect upon our business, results of operations and financial condition.

Illegal betting poses risks to the gaming industry.

A significant threat for the entire gaming and betting industry arises from illegal activities such as unlicensed betting and gaming and, more generally, all forms of betting that circumvent public regulation. Such illegal activities may divert significant betting volumes from the regulated industry. In particular, illegal betting and gaming could take away a portion of our players or our partners' players. The loss of such players could have a material adverse effect on our business, financial condition and results of operations.

The success of our business is dependent upon our relationships with government authorities.

We engage with our regulators with respect to gaming rules and regulations and other issues of shared concern, such as problem gambling. However, if we fail to maintain such relationships, or if such relationships were adversely affected for any reason, including any action or omission on our part or negative publicity concerning us or the gaming industry, this could have a material adverse effect on our business, financial condition and results of operations.

Changes in consumer preferences could affect the popularity of the gaming industry.

In the markets in which we operate, we compete with various other gaming vendors and venues and our customers now have access to many other forms of recreational and leisure activities. In addition, we compete with certain international companies as well as numerous local companies. Our future financial success will depend on the appeal of our gaming offerings to our customers and players. If we are not able to anticipate and react to changes in consumer preferences, our competitive and financial position may be adversely affected. In addition, our future success will also depend on the success of the gaming industry as a whole in attracting and retaining players. Gaming may lose popularity as new leisure activities arise or as other leisure activities become more popular. Alternatively, changes in social mores and demographics could result in reduced acceptance of gaming as a leisure activity. If the popularity of gaming declines for any reason, our business, financial condition and results of operations may be adversely affected.

Gaming companies face certain challenges relating to public perception and efforts of gaming opponents to curtail legalized gambling.

Legalized gaming is subject to opposition in some of the jurisdictions in which we operate or may seek to operate in the future. Opponents of gaming companies may attempt to curtail or prevent the expansion of online lotteries and other forms of legalized gaming. We can give no assurance that this opposition and/or a negative public perception regarding gaming will not result in preventing the legalization of gaming in jurisdictions where these activities are presently prohibited or prohibiting or limiting the expansion of online lotteries and other forms of these activities where currently permitted, in either case to the detriment of our business, financial condition and results of operations.

Risks Related to Our Business Operations

We operate in a highly competitive industry and our success depends on our ability to effectively compete with numerous domestic and foreign companies.

We face competition from a number of domestic and foreign companies and changes in law and regulation as well as market liberalization can increase the number of our competitors and in turn affect our future profitability. In addition, our business also faces competition from illegal operators. We expect to face significant competition as we seek to offer products and services for the evolving internet lottery and gaming industries, not only from our traditional competitors in the lottery business but also from a number of other domestic and foreign providers (or the operators themselves), some of which have substantially greater financial resources and/or experience in the industry than we do.

Further, potential privatizations (including partial privatizations through private management agreements or otherwise) of some lotteries may also change the manner in which, for example, lottery system and instant ticket contracts are awarded and the profitability of those contracts. Increased competition could cause us to lose customers, contracts and players and could have a material adverse effect on our financial condition and results of operations, business.

Slow growth or declines in gaming activities or sales of lottery tickets could lead to lower revenue and cash flows for us.

In most of our licenses and contracts, our revenue directly correlates to gaming proceeds. Our future success will depend, in part, on the success of the gaming industry as a whole, in attracting and retaining players while facing increased competition in the entertainment and gaming markets as well as on our ability to develop innovative services, products and systems. In addition, in recent years, the lottery and gaming industries have matured in certain markets, and, as a result, the rate of lottery sales growth in these markets may moderate and certain of our customers may from time to time experience a downward trend in sales. There can be no assurance that liberalization or privatizations in certain gambling markets will take place or that retail sales in existing markets will not decline.

In addition, in certain cases we depend on our agents and partners to market and provide market visibility for our lottery and gaming products. There can be no assurance that such products will be marketed or placed effectively, which could result in slow growth or a decline in sales and materially adversely affect our business, financial condition and results of operations.

We are heavily dependent on our ability to renew our long-term contracts with our customers and we could lose substantial revenue and profits if we are unable to renew such contracts.

Renewing contracts with a large cash flow impact is one of our key strategies and the long term nature of our contracts and our proactive management of these contracts provides us with visibility with respect to recurring revenues. See "Business—Our Strategies—Focus on increasing cash flow generation and revenue visibility." Generally, our contracts contain initial multi-year terms, with optional renewal periods held by the customer. Upon the expiration of a contract, the contract may be renewed, or a new contract may be awarded to a party other than us through a competitive tender process. For example, OPAP, which represented 2.0% of our revenue for the last twelve months ended June 30, 2017, announced on February 1, 2017 that they will not seek to renew their technology contract with us, which expires on July 30, 2018, and instead will appoint another technology provider. In our experience, implementing a switch of technology providers for contracts of this complex nature is a time- and resource-intensive process after formal appointment of a new technology provider and consequently we find that, in our experience, such contracts are typically extended for a short period of time. However no assurances can be made that such an extension will occur. For more information on our contracts and their maturities, please see our contract maturity tables in "Business—Our Business Activities".

We also cannot make any assurances that any other current contracts, including our contracts in Turkey and Morocco, will be extended or that we will be awarded new contracts as a result of competitive tender processes or otherwise in the future. Moreover, we cannot rule out that certain of our counterparties may try to achieve better terms on existing contracts. While, as a legal matter, we cannot be forced to accept changes to existing contracts, it is generally possible that a counterparty (motivated either by changes in market conditions, through a new management team or otherwise) may try to re-negotiate agreed terms, which may have an adverse impact on our relationship with them and/or on our business.

In addition, certain of our long-term contracts may be terminated due to the commencement of insolvency proceedings, our non-performance under a contract or certain force majeure events. The termination, expiration or failure to renew one or more of our contracts could cause us to lose substantial revenue and profits, which could have an adverse effect on our ability to win or renew other contracts.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We rely on government licenses in order to conduct our main business activities and termination of these licenses would have a material adverse effect on our revenue.

We are required to obtain and maintain licenses in order to conduct our main business activities. Our licenses span a broad range of products including sports betting, numerical games, VLTs and racing. Upon the expiration of our licenses, there can be no assurance that the relevant issuing authorities will award an extension of such licenses on acceptable terms, or at all. In addition, our licenses may be terminated upon the occurrence of certain events of default relating to the Company or its subsidiaries, if their continuation is determined under applicable principles of law to be against the public interest or if, for example, the lottery sales targets specified in the license agreement are not met. The non-renewal or termination of any of our licenses could have a material adverse effect on our business, financial condition and results of operations. For further information about our licenses, see "Regulation."

We are exposed to risks arising from, and may not succeed in realizing the anticipated benefits of, our local partnerships or other strategic investments.

Subject to our investment policies, we have in the past as in Italy and Peru, invested, and we may continue in the future to selectively invest, in new opportunities and/or enter into strategic alliances and local partnerships as a means to grow and operate efficiently in certain local markets while sharing financial and operational risk, reduce capital expenditure and improve access to local funding. See "Business—Investment Policies," "Business—Our Strategies—Focus on establishing strong local partnerships" and "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Acquisitions and Dispositions." In the first half of 2016, we contributed our Italian and Peruvian operations to local ventures, obtaining minority stakes in the combined business. As a result of such combinations, we expect to benefit from our partners' local relationships, knowledge of regulatory constraints and the local industry as well as access to capital. Our continued success will depend on, among other things, our ability to identify optimal potential partners, and strategic acquisitions, and to successfully finance, close and realize financial and operational synergies from such investments and acquisitions. We must also control costs and maintain sufficient operational and financial controls, in order to avoid distracting or placing significant demands on our management and other resources.

Our current local partnerships pose risks arising from our reliance on our local partners and our lack of sole decision-making authority, particularly where we hold a minority interest, which may give rise to disputes between us and our partners. Our local partners may have economic or business interests or goals that are inconsistent with our interests and goals, take actions contrary to our objectives or policies, undergo a change of control, experience financial or other difficulties or be unable or unwilling to fulfill their obligations under our arrangements. Moreover, the benefits that we expect to derive from our existing or future local partnerships may be diminished by disagreements among the relevant local partners in relation to strategy, exercise of control, governance and other matters, and we cannot guarantee that these disagreements will be resolved in our favor or at all. In particular, in local partnerships where we hold a minority interest, we may not be able to control the payment of dividends.

The failure to avoid or mitigate the risks described above or other risks associated with such arrangements could have a material adverse effect on our business, financial condition and results of operations.

The behavior of our joint venture partners, agents or other collaborators may affect our reputation.

The reputation and integrity of the parties with whom we engage in business activities, in particular the local partners with whom we deal, have an impact on our own reputation and ability to continue to operate in compliance with our licenses and applicable regulations. While we endeavor, through contractual protections and otherwise, to ensure that our local partners comply with high standards of ethics and integrity, such as through proper implementation of our compliance and monitoring systems, we cannot assure that our collaborators will always maintain these high standards. In addition, if we enter into a business relationship with a local partner whose ethics were in doubt, this may be considered by regulators to reflect negatively on our own reputation.

We are exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

Operating a global business requires us to comply with the laws and regulations of various jurisdictions (including, without limitation, the United States, Greece, Italy, Jamaica, Turkey and others where we conduct operations). In particular, our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), the United Kingdom Bribery Act of 2010 (the "Bribery Act") and economic sanctions programs, including those administered by the UN, EU and the U.S. Office of Foreign Assets Control and regulations set forth under the Comprehensive Iran Accountability Divestment Act. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we may deal with both governments and state-owned business enterprises, the employees of which may be considered foreign officials for purposes of the FCPA. The FCPA and other transnational anti-bribery laws, such as the Bribery Act, as well as domestic anti-bribery laws, comprehensively and, in some cases, in differing ways, cover many forms of public and private corruption. Economic sanctions programs restrict our business dealings with certain sanctioned countries, and new sanctions programs may be imposed, or existing sanctions programs revised in unpredictable ways depending on circumstances outside of our control.

As a result of doing business in foreign countries, we are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we, our partners, or our agents operate. Some of the international locations in which we operate lack a developed legal system and have high levels of corruption. Our continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide and the employment by us of local agents in the countries in which we operate increase the risk of violations of anti-corruption laws, sanctions regulations or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts), and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

We have policies and procedures designed to assist our compliance with applicable laws and regulations and have trained our employees to comply with such laws and regulations. While we believe that we have a strong culture of compliance and that we have adequate systems of control, we seek to continuously improve our systems of internal controls, to remedy any weaknesses we identify through appropriate corrective action depending on the circumstances, including additional training, improvement of internal controls and oversight, and deployment of additional resources, and to take appropriate action in case of any breach of our rules and procedures which might include disciplinary measures, suspensions of employees and ultimately termination of such employees. There can be no assurance, however, that our policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents, or partners and, as a result, we could be subject to penalties and suffer material adverse consequences on our business, financial condition or results of operations.

We may not be able to capitalize on market trends (including the expansion of online gambling) and other changes in the gaming industry.

Our future success depends on our ability to recognize market trends and opportunities and develop appropriate strategies in response. Should we fail to develop appropriate strategies in response to market trends and opportunities, we could lose our competitive position, and as a result our revenue could be adversely impacted.

We have started to expand our business into online gaming (which includes gaming via the internet, telephone and television) in order to take advantage of the introduction of online gaming regulation in certain jurisdictions. This strategy involves several risks and uncertainties, including legal, business and financial risks.

In general, our ability to successfully pursue our interactive gaming strategy depends on the law and regulations relating to internet gaming and our ability to take advantage of interactive channels. Laws relating to internet gaming are evolving in both Europe and the United States in particular. Although we are working together with local and international compliance experts to set up the necessary systems, controls and procedures to ensure that we are, or will be, in compliance with applicable rules and regulations in jurisdictions in which we decide to enter the online gaming industry, the systems, controls and procedures adopted by us may not be sufficient. Furthermore, there can be no assurance that we will be able to successfully block users resident in countries or U.S. states which restrict or prohibit online gaming. Failure to do so could result in civil, criminal or administrative proceedings, injunctions, fines and penalties and substantial litigation expenses that could strain management resources and materially adversely affect our business, financial condition and results of operations.

In jurisdictions that authorize internet gaming, there can be no assurance that we will be successful in selling our technology, content and services to internet gaming operators as we expect to face competition. In general, our ability to compete effectively in the internet gaming space will depend on the acceptance by our customers of the products and services we offer. There can be no assurance that we will be able to successfully develop and market internet gaming solutions, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We may not be able to respond to technological changes or satisfy future technology demands of our customers, in which case we could fall behind our competitors.

The gaming industry is characterized by rapidly changing technology and evolving industry standards. Many of our software and hardware products are based on proprietary technologies. Our competitiveness in the future will depend on our ability to respond to technological changes and satisfy future technology demands by developing or licensing innovative and appealing products in a timely and cost-effective manner. There can be no assurance that we will achieve the necessary technological advances or have the financial resources needed to introduce or license new products or services or that we will otherwise have the ability to compete effectively in the gaming markets we serve. Furthermore, if we devote resources to the pursuit of new technologies and products that fail to be commercially viable, all or part of these R&D expenses may be lost and our business may suffer.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

We may experience significant losses with respect to individual events or betting outcomes.

Our fixed-odds betting products involve betting where winnings are paid on the basis of the stake placed and the odds quoted, rather than derived from a pool of stake money received from all customers. A bookmaker's odds are determined so as to provide an average return to the bookmaker over a larger number of events and therefore, over the medium term, we have met our payout targets. There may be a degree of variation, however, in revenues net of payout percentage on a quarterly basis.

We have systems and controls in place which seek to reduce the risk of daily losses occurring on a revenues net of payout basis but there can be no assurance that these will be effective in reducing our exposure to this risk. As a result, in the short term, there is less certainty of generating positive revenues net of payout and we may experience (and have from time to time experienced) losses with respect to individual events or betting outcomes, particularly on a "single bet" basis. Any significant losses on a revenues net of payout basis could have an adverse effect on our cash flows, which could in turn adversely affect our financial conditions and results of operations.

Any failure to determine accurately the odds at which we will accept bets in relation to any particular event and/or any failure of our risk management processes could have a material adverse effect on our business.

We employ a team of experienced odds compilers (who determine the odds at which we will accept bets in relation to any particular event) and risk managers who seek to control liabilities in relation to our gaming businesses. There can be no assurance, however, that errors of judgment or other mistakes will not be made in relation to the compilation of odds or that the systems we have in place to limit risk will be consistently successful. Any significant misjudgments or mistakes made by us in relation to odds compilation or the failure of our risk management systems could result in us incurring significant losses on a revenues net of payout basis, which could have a material adverse effect on our business, financial condition and results of operations.

In some components of our business, our revenue fluctuates due to, among others, seasonal sports schedules, the occurrence of major sports tournaments and, therefore, our periodic operating results are not guarantees of future performance.

Our revenue can fluctuate due to seasonality in some components of our business. In particular, the majority of our sports betting revenue is generated from bets placed on European football, which has an off-season in the European summer that typically causes a corresponding periodic decrease in our revenue.

Our revenue may also be affected by the scheduling of major football events that do not occur annually, notably the FIFA World Cup and UEFA European Championships. Our revenue can also be affected by the performance of certain teams within specific tournaments, particularly where the national football teams in the markets where we earn the majority of our revenue fail to qualify for the World Cup. In these markets, we may experience a decrease in revenue where customers place fewer bets using our platforms. Furthermore, the cancellation or curtailment of significant sporting events, due to, among other things, adverse weather, traffic or transport disruption or civil disturbances, may also affect our revenue.

In addition, our revenue from lotteries can be somewhat dependent on the size of the jackpots of lottery games during the relevant period.

The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Translation risk and fluctuations in currency exchange rates may adversely affect our results of operations, and hedging carries certain costs and risks.

Currency translation effects occur when the financial statements of our consolidated subsidiaries are recorded in their respective local currency and converted into euro, whereby translation effects can diminish the impact of positive results or increase the impact of negative results recorded by such consolidated subsidiaries. In particular, we may observe a negative impact caused by translation effects when the euro is strong in comparison to the U.S. dollar, Turkish lira, Romanian new leu or Brazilian real.

In addition, an unfavorable movement in exchange rates can give us a competitive disadvantage with respect to our competitors from other currency regions and can lead to declines in orders. We hedge certain of our foreign currency exchange rate exposure through derivative instruments, depending on market conditions and based on the Intralot group treasury policy. We do not, however, seek to hedge all of our foreign currency exchange rate exposure. There can be no assurance that our hedging activities will be successful in mitigating the impact of exchange rate fluctuations. In addition, significant volatility in exchange rates may increase our hedging costs, limit our ability to hedge our exchange rate exposure, particularly against unfavorable movements in the exchange rates of certain emerging market currencies, and could have an adverse impact on our results of operations, particularly our profitability. Any of the factors above may have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

A substantial amount of our indebtedness is exposed to risks related to changes in interest rates.

Our long- and short-term borrowings are exposed to interest expense at prevailing interest rates. As of June 30, 2017, approximately 25.4% of our net indebtedness and 1.0% of our net indebtedness on a *pro forma* basis after giving effect to the issuance of the Notes and the application of the proceeds therefrom, was exposed to interest rate fluctuations. A change in interest rates could negatively impact our results of operations. There can be no assurances that interest rates will remain favorable.

There is a risk that our customers will no longer contract us to provide management services because they decide to provide such services in-house.

We are a vendor of gaming support services to our customers through our technology and support services contracts and management contracts. There can be no assurance that our customers will continue to rely on us to provide these services, and instead they may begin to provide these services in-house. If our customers do not continue to rely on us to provide management services, our revenue may decline, which could have a material adverse effect on our business, financial condition and results of operations.

Our failure to successfully maintain and enhance our brands could adversely affect our business.

The success of our business is dependent in part on the ongoing strength of our key brands. As the gaming industry becomes increasingly competitive, we expect that our success will be dependent in part on maintaining and enhancing our brand strength, which may become increasingly difficult and more costly. If we are unable to maintain and enhance the strength of our brands, then our ability to retain and expand our customer base and our attractiveness to existing and potential partners may be impaired, and our business, financial condition and results of operations will be adversely affected. In addition, maintaining and enhancing our brands, may require us to make increased investment in our gaming and business activities, which may not deliver requisite returns. If we do not maintain and enhance each of our brands successfully, or if we incur excessive cost in this effort, our business, financial condition and results of operations may be adversely affected, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

We are exposed to risks associated with the performance of the global economy and the prevailing economic conditions in the markets in which we operate.

We are exposed to risks associated with the performance of the global economy and the markets in which we operate. Our income and results of operations have been influenced, and will continue to be influenced, to a certain degree, by the general performance of the economies in which we operate. They may also be adversely affected by negative local, regional, or national trends, developments or perception that reduce consumers' ability or willingness to spend, including levels of employment, inflation or deflation, levels of real disposable income, changes in interest rates and/or VAT, the availability of consumer credit, consumer debt, consumer confidence and general uncertainty regarding the overall future economic environment. Discretionary consumer spending often declines during periods when disposable income is adversely affected or there is economic uncertainty, which may impact our customers' ability to sell gambling and betting products. Although general economic conditions have improved since the global recession in 2009, there can be no assurance against future economic crises and adverse market conditions.

Our business is particularly sensitive to reductions in discretionary consumer spending in the markets where we operate, which may be affected by economic conditions in these markets. Economic contraction, economic uncertainty and the perception by our customers of weak or weakening economic conditions may cause a decline in demand for entertainment in the forms of the gaming services that we offer. In addition, changes in discretionary consumer spending or consumer preferences could be driven by factors such as an unstable job market, perceived or actual disposable consumer income and wealth, or fears of war and future acts of terrorism. In particular, negative economic, political or financial developments in the EU in particular, where we generated 40.0% of our consolidated revenue in the last twelve months ended June 30, 2017, could have a material adverse effect on our business and operating results.

Any material future deterioration in global economic conditions in the markets in which we operate could materially and adversely affect our liquidity, financial position and results of operations. We cannot predict whether or when economic circumstances may worsen or improve, or what impact if any, such circumstances could have on our business. Any of these trends could have a material adverse effect on our business, results of operations, financial condition and prospects.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. On March 29, 2017, the United Kingdom formally initiated a withdrawal process from the European Union. The referendum and withdrawal has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other EU member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated.

Additionally, political instability in the European Union as a result of Brexit may result in a material negative effect on credit markets and foreign direct investments in the EU member states. This deterioration in economic conditions could result in increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies, and other results that negatively impact household incomes. These negative impacts on the British and EU economy could decrease EU tourism or consumer spending, negatively impacting the growth of the EU economy and consequently our financial condition and results of operations.

We are exposed to risks relating to the imposition of capital controls in Greece

On June 28, 2015, capital controls were imposed in Greece, which currently include monthly limits on all cash withdrawals and restrictions on payments abroad out of Greek bank accounts. If, in the future, the Issuer required financial support from us to make payments on the Notes or we were required to make payments under the Guarantee and capital controls remained in place, then it is possible that any such payment from us to the Issuer, if not made from funds in bank accounts kept outside Greece, would require the approval of a special committee. More specifically, in addition to other requirements, a single transaction or a series of transactions that exceed the limit of €350,000 on any business day are subject to approval by the Committee for the Approval of Banking Transactions, a special committee composed of representatives of the Greek government, the Greek central bank, the Hellenic Capital Markets Commission and the Union of Greek Banks. However, Intralot SA has created a currency export capacity of more than €30 million that will allow the Company to transfer out of Greece new incoming funds up to this amount at any time without the above restrictions.

We believe that the Issuer has and will continue to generate sufficient funds outside of Greece. We expect that this liquidity outside Greece will be sufficient to allow the Issuer to fund payments on the Notes notwithstanding any capital controls, including cash withdrawal restrictions, that may be in effect from time to time. It is uncertain how long Greece will continue to maintain capital controls.

Our efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks.

We operate and offer our products in many countries and we market and sell our products worldwide. We are actively operating in rapidly growing and emerging markets. Potential social, political, legal and economic instability in these markets, such as the political turmoil in Turkey in 2016, may pose significant risks to our ability to conduct our business and expand our activities in these markets. Although management believes its operations in Turkey have not been affected, there can be no assurances such events will not have an impact in the future.

We are now focused on cash flow generation from our existing assets. See "Business—Our Strategies—Focus on Increasing Cash Flow Generation and Revenue Visibility." In the future, however, we may strategically invest in new opportunities that we may identify. See "Business—Investment Policies" and "Business—Our Strategies—Focus on Establishing Strong Local Partnerships." Inherent in our international operations is the risk that any number of circumstances could affect our operations, including difficulties in integrating foreign operations, risks associated with entering jurisdictions in which we may have little experience and entering into business relationships with locally based partners, which can involve additional risks including but not limited to reliance on the knowledge of local partners in respect of compliance with local regulations.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on our suppliers and contract manufacturers, and any failure of these parties to meet our performance and quality standards or requirements could cause us to incur additional costs or lose customers.

The manufacturing of our VLTs, terminals and other hardware, is performed by third parties. In particular, the assembly of our terminals, which are designed by our in-house engineers, depends upon a continuous supply of raw materials, supplies, power and natural resources. Furthermore, we rely on certain suppliers for certain features of our gaming software. Our operating results could be adversely affected by an interruption or cessation in the supply of these items or a serious quality assurance lapse, including as a result of the insolvency of any of our key suppliers. In addition, we have a number of significant contracts and our performance depends upon our third-party suppliers delivering equipment on schedule in order to meet our contract commitments.

Failure of third-party suppliers to meet their delivery commitments could result in us being in breach of, and subsequently losing, certain contracts, which loss could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks from legal, administrative and arbitration proceedings.

Due to the nature of our business, we are involved in a number of legal, administrative and arbitration proceedings and could become involved in additional legal, administrative and arbitration proceedings or investigations by government authorities in the future. Such proceedings or investigations could involve the United States and, based on a judgment or a settlement agreement, we could be obligated to pay substantial damages and litigation costs. Furthermore, a contract or license that we are initially awarded through a tender process may be challenged by one of our competitors or a third party in court, in which case we may lose the benefit of such contract or license and our business, financial condition and results of operations may be materially adversely affected. See "Business—Litigation and Administrative Proceedings."

We are subject to substantial penalties for failure to perform under our lottery licenses and contracts.

We are subject to contract penalties for failure to perform under our lottery licenses and contracts. Furthermore, we are required by certain of our lottery customers to provide surety or performance bonds. As of June 30, 2017, the Intralot Group had outstanding performance bonds and letters of credit in an aggregate amount totalling €228.0 million. These instruments present an ongoing potential for substantial expense and diversion of resources from productive uses. Claims on performance bonds, drawings on letters of credit and payment of liquidated damages could each have a material adverse effect on our business, financial condition and results of operations.

Our business depends on our ability to attract and retain qualified personnel.

Our success depends, among other things, on our ability to attract and retain qualified executive board members and other qualified executives and employees in key functions. Due to competition for qualified personnel within the gaming industry, there is a risk of losing qualified employees to competitors and being unable to attract sufficient qualified new employees to operate our business. In addition, certain members of our management team have joined the Company relatively recently, which, in the short term, could increase demands on our management team related to integrating the new members and result in the diversion of management's attention from daily operations. See "Management." Failure to integrate the new members of our management team successfully could result in lower levels of operating efficiency. The occurrence of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely impacted by labor disputes or matters.

As of June 30, 2017, we had 5,168 employees across our 52 jurisdictions. While we strive to maintain good relationships with our employees, there can be no assurance that such relationships will continue to be amicable or that we will not be affected by strikes, unionization efforts or other types of conflict with employees, any of which could impair our ability to manufacture and distribute our products or provide our services. Accordingly, any such labor dispute or matter could result in a substantial loss of sales and in turn adversely affect our financial condition and results of operations.

If we are unable to protect our intellectual property rights or prevent their use by third parties, our ability to compete in the market may be harmed.

We rely on our ability to develop and protect our proprietary technology and intellectual property rights to ensure that our competitors do not obtain technology from us that could allow them to compete more effectively with us. We believe that the success of our business strategy depends on our continued ability to protect and use our intellectual property rights in the countries in which we operate.

We have applied for and obtained intellectual property rights, such as patents, that are important to our business. However, the process of applying for patent protection can be time-consuming and expensive. There can also be no assurance that our current or future applications for patent protection will result in an issued patent. Even if a patent is issued, it may afford differing or limited protection in different jurisdictions. In addition, the granting of a patent does not necessarily imply that it is effective or that possible patent claims can be enforced to the degree necessary or desired. Consequently, there is a risk that third parties, in particular our competitors, will copy our products, design around our patented products or otherwise gain access to our proprietary information and technology, which may allow our competitors to impinge on our market share and customer base.

In addition, a major part of our technical knowledge and trade secrets is not patented and cannot be protected through intellectual property rights. For example, software is not subject to registration in Greece and most other countries, making the protection of our software rights more difficult. We may not be able to prevent unauthorized disclosure or use of our technical knowledge and trade secrets.

We have entered into a number of license, cross-license, cooperation and development agreements with our customers, competitors and other third parties under which we are granted access to intellectual property or technical knowledge of such third parties. If such third parties do not properly maintain or enforce the intellectual property rights underlying such licenses, or if such licenses are terminated under circumstances such as a licensing partner's insolvency or bankruptcy or in the event of a change of control, or if such licenses expire without being renewed, we could lose the right to use the licensed intellectual property.

We intend to enforce our intellectual property rights and from time to time may initiate claims against third parties that we believe are infringing our intellectual property rights if we are unable to resolve matters satisfactorily through negotiation. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could fail to obtain the results sought and could have a material adverse effect on our business, financial condition and results of operations.

There is a risk that our products will infringe upon the intellectual property rights of third parties, or that other parties will assert infringement claims against us.

We cannot provide assurance that our products and methods in all cases do not infringe the patent or other intellectual property rights of third parties because it is not always possible to determine with certainty whether there are effective and enforceable third-party intellectual property rights to certain processes, methods or applications. In particular, this relates to software and the general non-harmonization of intellectual property rights protection across the jurisdictions in which we operate. Infringement and other intellectual property claims brought against us, whether successful or not, are time-consuming, costly and distracting to management and harm our reputation. In addition, intellectual property litigation or claims could require us to do one or more of the following: (i) cease manufacturing, using or marketing the relevant technologies or products in certain countries; (ii) make changes to manufacturing processes or products, which may not be possible and, if possible, could be costly and time-consuming; (iii) pay substantial damages; or (iv) purchase licenses to make use of technology from third parties, which license may not be available on commercially-reasonable terms, if at all. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our systems are subject to network interruption risks which could have a negative impact on the quality of the services offered by us and, as a result, on demand from consumers and consequently volume of revenue.

Our ability to provide goods (such as software and lottery terminals) and services to our customers and to effectively operate lotteries and other games and services depends to a great extent on the reliability and security of the information technology systems and third-party networks we use. Information technology systems and the networks used by us are potentially subject to damage and interruption caused by human error, problems relating to the telecommunications network, natural disasters, sabotage, viruses and similar events. Interruptions in the system could have a negative impact on the quality of the services offered and, as a result, on demand from consumers and consequently on the volume of revenue. In addition, interruptions in the system could result in the termination of certain of our licenses or contracts or the imposition of substantial penalties.

A security breach in our technical or information infrastructure could result in significant harm to our performance or harm our revenue.

We rely on sophisticated technical and information technology infrastructure. The security of this infrastructure could be compromised by human error, malfunction, employee or third-party misconduct, sabotage, hacking or computer viruses. Such a breach of security could impair our ability to adequately provide products and services, reduce performance by one or more of our businesses. Additionally, any security breach or intrusion upon our information technology infrastructure could compromise the security of information stored in or transmitted through our systems, or compromise the integrity of our technical systems more broadly. Any such event could have a material adverse effect on our business, financial condition and results of operations.

While we seek to protect our computer systems and network infrastructure from physical intrusion as well as security breaches and other disruptions that could affect our telecommunication and information infrastructure, the risk posed by the possibility of security breaches is likely to persist. In particular, to provide our various services, we must allow clients and customers to access certain elements of our data and telecommunications infrastructure. Our technical or information infrastructure could be attacked or compromised by means of such broadly accessible networks. While we take measures to maintain the security of these externally-facing networks, it is impossible to eliminate the risk created by the need for such accessible information infrastructure. There can be no assurance that our security measures will be adequate or successful, and the costs of maintaining adequate security measures may increase substantially. Any such occurrence may have a material adverse effect on our business, financial condition and results of operations.

We may be vulnerable to player fraud.

The gaming industry may be vulnerable to attack by customers through collusion and fraud. We take steps to minimize the opportunities for fraudulent play, but we are aware of the need to monitor and develop such protections. If we fail to detect instances of collusion and other fraud either between players or between players and our employees or agents, in addition to our own losses, customers would lose as a consequence and thereby become dissatisfied with our products, which could have a material adverse effect on our reputation and financial condition, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

We may be liable for product defects or other claims relating to our products.

Our products or the products we receive from our suppliers could be defective, fail to perform as designed or otherwise cause harm to our customers, their equipment or their products. If any of our products are defective, we may be required to recall the products and/or repair or replace them, which could result in substantial expenses and affect our profitability. Any problems with the performance of our products, such as defective terminals, or our suppliers' products, such as instant ticket misprints, could, indirectly or directly, harm our reputation, which could result in a loss of sales to customers and/or potential customers. In addition, if our customers believe that they have suffered harm caused by our products, they could bring claims against us that could result in significant liability. Any claims brought against us by customers may result in diversion of management's time and attention, expenditure of large amounts of cash on legal fees, expenses and payment of damages, decreased demand for our products or services, or injury to our reputation. Our insurance may not sufficiently cover a large judgment against us or a large settlement payment, and is subject to customary deductibles, limits and exclusions.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

Our contracts and licenses require capital that will not otherwise be available for our operations and repayment of borrowings.

Our contracts generally require significant upfront capital expenditures. For example, in many cases, we need to make large upfront payments for licensing fees when we renew an existing license or acquire a new one. Our contracts also require significant annual capital expenditures for technology renewal. Furthermore, our R&D efforts to develop innovative products require capital investment. During each of the financial years ended December 31, 2014, 2015 and 2016 and the last twelve months ended June 30, 2017, our research and development expenses accounted for approximately 0.4%, 0.3%, 0.4% and 0.3% of total revenue and our capital expenditure accounted for 3.6%, 3.7%, 4.9% and 5.5% of our revenue, respectively.

Historically, we have funded our capital needs through cash flows generated from operations, available cash on hand, bank borrowings, international debt capital markets and an exchangeable bond. In the future, we intend to fund our cash needs through bank borrowings and the local and international debt capital markets. Our ability to generate revenue and to continue to procure new contracts, develop innovative products and grow our business will depend on, among other things, our then present liquidity levels or our ability to obtain additional financing on commercially-reasonable or favourable terms. If we do not have adequate liquidity or are unable to obtain financing on favorable terms, or at all, we may not be able to bid on certain contracts, which could restrict our ability to grow or renew existing contracts and have a material adverse effect on our results of operations. Moreover, we may not realize the return on investment that we anticipate on new or renewed contracts due to a variety of factors, including lower than anticipated retail sales, higher than anticipated capital or operating expenses and unanticipated regulatory developments or litigation. We may not have adequate liquidity to pursue our strategy, including selectively entering new markets.

In the future, if we are unable to generate sufficient cash flow from operations, bank borrowings and the local and international debt capital markets to meet our capital requirements, we will be required to adopt one or more alternatives, such as refinancing or restructuring our indebtedness, or selling material assets or operations or seeking to raise additional debt or equity capital. We cannot assure you that any of these actions could be completed on a timely basis or on satisfactory terms, or at all, or that these actions would enable us to continue to satisfy our capital requirements. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We could be adversely affected by property loss and unforeseen business interruption.

Damage and loss caused by fire, accidents, natural disasters, terrorism, supply shortage, severe weather or other disruptions of our production process at our facilities or within our supply chain, with respect to customers and with suppliers, can be severe. Though we are insured against business interruption and loss of production arising from such risks at levels considered economically reasonable by us, our insurance coverage could prove insufficient in individual cases. The occurrence of any of the foregoing risks could have an adverse impact on our results of operations, particularly our profitability. Any of the factors above may have a material adverse effect on our business, financial condition and results of operations.

Compliance with regulatory investigations and approval requirements may impose substantial costs on our business and disrupt our operations.

The gaming authorities in some jurisdictions may investigate companies or individuals who have a material relationship with us or our equity holders to determine whether the selected individual or stockholder is acceptable to the gaming authorities. While any such investigated company, individual or stockholder is obligated to pay the costs of the investigation, such an investigation will be time-consuming and may be disruptive to our operations. Failure of companies, individuals or stockholders to cooperate with any such investigation could negatively impact our ability to obtain or maintain our licenses, which would have a material adverse effect upon our business, results of operations and financial condition.

Risks Related to the Notes, Our Indebtedness and the Structure

The Issuer is a special purpose vehicle with limited resources. The Issuer's ability to service the Notes will depend upon the payments received from certain members of the Intralot Group under the intercompany proceeds loans.

The Issuer is a special purpose vehicle formed under the laws of the Grand Duchy of Luxembourg with limited liability. The Issuer has no business operations or subsidiaries and, upon completion of this offering of Notes, its only assets will be intercompany proceeds loans made by it to certain members of the Intralot Group. Therefore, the Issuer will be wholly dependent upon the payments from the relevant members of the Intralot Group who are obligors under the intercompany proceeds loans to make payments due on the Notes. If the Issuer does not have sufficient funds to make payments under the Notes, holders will be required to rely on the Guarantees given by the Guarantors in respect of the Notes. In the event of bankruptcy, liquidation, winding-up or insolvency of any of the Company's non-Guarantor subsidiaries, creditors of such non-Guarantor subsidiary will generally be entitled to payment of their claims from the assets of such subsidiaries before any assets are available for distribution to their shareholders, including the Issuer.

The Company is in turn partially dependent upon payments by its subsidiaries to service its indebtedness, including payments of amounts owed and its guarantee of the Notes. Applicable law imposes certain restrictions upon our ability to access cash of our subsidiaries.

The Company is in turn partially dependent upon payments by its subsidiaries to service its indebtedness, including payments of amounts owed and its guarantee of the Notes. The ability of the Company's subsidiaries to make payments to the Company may be restricted by, among other things, applicable corporate and other laws and regulations and by the terms of covenants and restrictions contained in financing agreements to which such subsidiaries are or will be a party. In addition to any limitations on payment to the Company contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to the Company. The inability to transfer cash among the Intralot Group may mean that, even though we, in aggregate, may have sufficient resources to meet our obligations, we may not be permitted to make the necessary transfers from one entity in the Intralot Group to another entity in the group in order to make payments to the Issuer for the purposes of meeting the Issuer's obligations under the Notes.

Our leverage and debt service obligations could have a material adverse effect on our business and may make it difficult for us to service our debt, including the Notes, and operate our business.

As of June 30, 2017, on a *pro forma* basis after giving effect to the offering of the Notes and the use of the proceeds therefrom, we would have had financial debt of approximately €760.2 million on a consolidated basis. Our level of indebtedness could have important consequences for investors in the Notes. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash flow from operations to payments on our indebtedness, which could reduce the availability of cash flow to fund working capital needs, capital expenditures according to cash flow, future acquisitions and other general corporate needs;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors with less debt; and
- limit our ability to borrow additional funds.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our obligations, including the Notes. See also "—Despite our level of indebtedness, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness."

Despite our level of indebtedness, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional debt in the future. Although the Indenture, the September 2021 Notes and the Syndicated Facilities contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Indenture, in addition to specified permitted debt, we will be able to incur additional debt so long as on a *pro forma* basis our consolidated fixed charge coverage ratio is at least 2.00 to 1.00, and we will be able to incur additional senior debt so long as on a pro forma basis our consolidated senior leverage ratio is not more than 3.75 to 1.00. In addition, the Indenture, the September 2021 Notes and the Syndicated Facilities will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. If new debt is added to our and our subsidiaries' existing debt levels, the risks associated with our substantial indebtedness described above, including our possible inability to service our debt, will increase.

We require a significant amount of cash to service our debt, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

After giving *pro forma* effect to the offering of the Notes, we would require a significant amount of cash to service our debt obligations, including payments relating to any swap arrangements we may have in the future. Our ability to make scheduled payments on and to refinance our debt and to fund future operations and capital expenditures will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in this "Risk Factors" section and elsewhere in this Listing Prospectus.

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realized or that future debt and equity financing will be available to us on favorable terms or in an amount sufficient to enable us to pay the principal, premium, if any, and interest on our indebtedness, including the Notes, or that future borrowings or amounts available for borrowing under our Syndicated Facilities will be available to us in an amount sufficient to enable us to service and repay the Notes and our other indebtedness or to fund our other liquidity needs. Moreover, regulations in certain jurisdictions in which we have our operating subsidiaries may restrict the ability of such operating subsidiaries to pay dividends to us.

If our future cash flows from operations and other capital resources (including borrowings under the Syndicated Facilities or any other additional indebtedness permitted under the Indenture) are insufficient to pay our obligations as they mature, or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of the credit rating of the Notes, which could also harm our ability to incur additional indebtedness. In addition, any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. There can be no assurances that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable.

We are subject to significant restrictive debt covenants, which limit our operating flexibility, our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities.

The Indenture will, and any future debt instrument we may enter into may, contain covenants that significantly restrict our ability to, among other things:

- incur or guarantee additional indebtedness or issue certain preferred shares;
- pay dividends or make other distributions, repurchase or redeem our shares or repay or redeem subordinated debt;
- make certain investments or other restricted payments;
- dispose of certain assets, including subsidiary shares;
- create or incur liens;
- enter into certain transactions with affiliates;
- create encumbrances or restrictions that restrict certain of our subsidiaries' ability to pay dividends or other distribution loans or advances; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest.

Our Syndicated Facilities requires, and any future working capital facility or other debt instrument may also require, us to maintain specified financial ratios. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these ratios and tests. In the event of a default under these facilities or certain other defaults under other agreements, the lenders could terminate their commitments and declare all amounts owed to them to be due and payable. Borrowings under other debt instruments that contain cross default or cross acceleration provisions, including the September 2021 Notes Indenture and the Indenture, may, as a result, also be accelerated and become due and payable. In addition, a default under the Indenture could result in a cross default or cross acceleration under our September 2021 Notes and the Syndicated Facilities. Our assets and cash flow may not be sufficient to fully repay these debts in such circumstances.

The Notes are structurally subordinated to indebtedness of non-Guarantor subsidiaries and, to the extent of the limitations on enforceability of Subsidiary Guarantees, also to indebtedness of Subsidiary Guarantors that is not also subject to such limitations.

Some, but not all, of the subsidiaries of the Company guarantee the Notes. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganization, insolvency, receivership or similar proceeding of any subsidiary that does not provide a guarantee in favor of the Notes, such non-Guarantor subsidiaries will pay the holders of their own debt (including holders of third-party debt which such subsidiaries have guaranteed), their trade creditors and any preferred shareholders in full before they would be able to distribute any of their assets to the Company, the Issuer or the Subsidiary Guarantors. As a result of the foregoing, the Issuer and the Guarantors may not have sufficient assets to make payments on the Notes or the Guarantees, respectively.

As of and for the last twelve months ended June 30, 2017, the Issuer, the Guarantors and their direct subsidiaries that are not Guarantors, on a consolidated basis, together represented 84.4% of our consolidated EBITDA and 89.8% of our consolidated total assets. As of and for the last twelve months ended June 30, 2017, the Issuer, the Guarantors that contributed positive EBITDA to the Intralot Group together represented 36.6% of our consolidated EBITDA and the Issuer, the Guarantors together represented 66.9% of our consolidated total assets, in each case on an unconsolidated basis and excluding intra-Group items and investments in Restricted Subsidiaries. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures." The guarantees will be subject to certain limitations. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations" and "Description of the Notes—Limitation of Guarantees." As of June 30, 2017, on an actual and *pro forma* basis the non-Guarantor subsidiaries of the Company (other than the Issuer) had €6.7 million and €6.3 million of debt outstanding, respectively. The Notes will contain a covenant which would require any non-Guarantor Restricted Subsidiary (excluding non-Guarantor Restricted Subsidiaries that were in existence on the Issue Date) that becomes a Material Company (as defined in "Description of the Notes") to become a Guarantor (subject to certain exceptions). See "Description of the Notes—Certain Covenants—Additional Guarantors."

As described under "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations," "Description of the Notes—Limitation of Guarantees" and "—Risks Related to the Guarantees," the enforcement of the Guarantees will be subject to limitations and restrictions that are typical for guarantees. To the extent that any debt or other payment obligation of a Guarantor is not also subject to such limitations and restrictions, such debt and other obligations would also be structurally senior to the Notes as described above.

Claims of the secured creditors of the Issuer and the Guarantors will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes are not secured by any of the Issuer's or Guarantors' assets. The indenture governing the September 2021 Notes and the Indenture permit certain indebtedness to be secured, which amounts could be substantial. As a result, claims of the secured creditors of the Issuer and the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes and Guarantees are effectively subordinated to any secured indebtedness and other secured obligations of the Issuer or the relevant Guarantor to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer or any Guarantor that has secured obligations, holders of secured indebtedness will have priority claims to the assets of the Issuer or such Guarantor that constitute their collateral. Subject to the limitations referred to under the caption "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations," the holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Issuer, or in the case of a Guarantor, the relevant Guarantor, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer or the relevant Guarantor. If any of the secured indebtedness of the Issuer or the relevant Guarantor becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, our assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the relevant Note Guarantee. As a result, holders of the Notes may receive less, ratably, than holders of secured indebtedness of the Issuer or the relevant Guarantor.

If Luxembourg is determined not to be the Issuer's "center of main interests," then insolvency proceedings applicable to the Issuer could be commenced in a jurisdiction other than Luxembourg (and governed by laws other than Luxembourg law) which might not be as favorable to you.

The New EU Insolvency Regulation (as defined below) provides that insolvency proceedings encompassing all of a debtor's assets on a European-wide basis can be commenced in the EU member state in which the debtor has its "centre of main interests," as described in the New EU Insolvency Regulation. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations—European Union." Under Article 3(1) of the New EU Insolvency Regulations the centre of main interests of a company is defined as the jurisdiction in which that company conducts the administration of its interests on a regular basis and which is ascertainable by third parties. Furthermore, there is a rebuttable presumption that the centre of main interest of a company is located in the jurisdiction in which that company has its registered office. In the case of the Issuer, this would be Luxembourg, and accordingly, Luxembourg insolvency law would apply to the Issuer subject to certain exceptions set out in the New EU Insolvency Regulation where, in general terms, the applicable law of the contracts may apply instead. However, in the event that a court determines that the Issuer's centre of main interests is in an EU member state other than Luxembourg (including Greece), then insolvency proceedings applicable to the Issuer could be commenced in that other member state and would, *prima facie*, be governed by the laws of such jurisdiction, which might be less favorable to you than Luxembourg insolvency laws. See also "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations" and "Certain Luxembourg Insolvency Law Considerations with respect to the Issuer and the Luxembourg Guarantor."

Holders may be unable to enforce their rights in civil proceedings for U.S. securities laws violations.

The Issuer is organized under the laws of the Grand Duchy of Luxembourg, the Company is organized under the laws of the Hellenic Republic and most of the Subsidiary Guarantors are also organized in jurisdictions outside the United States. Most of their respective officers and directors are non-residents of the United States and most of their assets are located outside the United States. As a result, it may not be possible for holders of the Notes to effect service of process within the United States upon the Issuer, the Company and most Subsidiary Guarantors to enforce against them judgments obtained in U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States.

The United States and Luxembourg, and the United States and Greece, do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters (other than arbitration awards). Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Luxembourg or Greece. See "Service of Process and Enforcement of Civil Liabilities." Furthermore, certain jurisdictions in which Subsidiary Guarantors are incorporated may also not have a treaty for the mutual enforcement of court judgments with the United States, which may make it difficult or impossible to effect service of process upon such Guarantor.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the Indenture.

If certain specified change of control events occur, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. We expect that we would require third-party financing to make an offer to repurchase the Notes upon occurrence of a change of control event. We cannot assure you that we would be able to obtain such financing. If a change of control occurs at a time when we are prohibited from purchasing the Notes under our other debt agreements, including the Syndicated Facilities, we could seek the consent of our lenders to purchase the Notes or could attempt to refinance the borrowings that prohibit our repurchase of the Notes. If we do not obtain that consent or repay those borrowings, we would remain prohibited from purchasing the Notes. In that case, our failure to purchase any of the tendered Notes would constitute an event of default under the Indenture governing the Notes, which would likely cause a default under other debt obligations. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control."

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of our properties or assets and our subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all" there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of our assets and our subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether we are required to make an offer to repurchase the Notes. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change of control under the Indenture.

The interests of our principal shareholders may be inconsistent with your interests.

As of the date of this Listing Prospectus, Sokrates Kokkalis, founder of Intralot S.A. and chairman of its board of directors, owned 20.0% of Intralot S.A.'s stock. In addition, Mittleman Brothers LLC owned 10.2%, Konstantinos Dimitriadis owned 7.5%, Novomatic AG owned 5.1% and Makuria Credit Master Fund Ltd owned 6.6% of Intralot S.A.'s stock as of that date. See "Principal Shareholders—Intralot S.A." As a result, these shareholders can strongly influence, directly or indirectly, among other things, our legal and capital structure and our day-to-day operations, as well as changes to our management and any other changes to our operations. The interests of these shareholders could, in certain circumstances, conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. The shareholders could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to investors in the Notes.

There is no active public trading market for the Notes and an active trading market for the Notes may not develop.

Although application has been made to list the Notes on the Official List of the LxSE and admit the Notes to trading on the LxSE's Euro MTF Market, there can be no assurance regarding the future development of a market for the Notes or the ability of holders to sell their Notes or the price at which holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by a decline in the market for high yield securities generally. Such a decline may affect the liquidity and trading of the Notes independently of our financial performance and prospects.

The transfer of the Notes is restricted, which may adversely affect the value of the Notes.

The Notes and the Guarantees have not been registered under the U.S. Securities Act or any U.S. state securities laws. Consequently the Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, and noteholders may be required to bear the cost of their investment in the Notes until their maturity. It is the noteholders' obligation to ensure that their offers and sales or resales of the Notes within the United States and other countries comply with applicable securities laws. See "Important Information" and "Transfer Restrictions."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant (including, inter alia, if our guarantor coverage falls below certain thresholds or if our leverage ratio increases above certain thresholds). A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The Notes may not be a suitable investment for all investors.

As a potential investor in the Notes, you must determine the suitability of that investment in light of your own circumstances. In particular, you should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Listing Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the Notes and the impact the Notes will have on your overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from your currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

You should not invest in the Notes which are complex financial instruments unless you have the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes are held in book-entry form and therefore you must rely on the procedures of the relevant clearing system to exercise any rights and remedies.

The Notes will have been issued in fully registered global form. The Regulation S Global Notes (as defined below) and the Rule 144A Global Notes (as defined below) have been deposited, on the closing date, with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary.

Ownership of beneficial interests in the Global Notes (as defined below) (the "Book-Entry Interests") will be is limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Book-Entry Interests are shown on, and transfers thereof are effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. Owners of beneficial interests in the Global Notes are not entitled to receive definitive Notes in registered form, except under the limited circumstances described in "Book-Entry, Delivery and Form—Definitive Registered Notes." So long as the Notes are held in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Global Notes. The common depositary for Euroclear and/or Clearstream is considered the sole holder of Global Notes.

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts, if any) will be made by the Issuer to the Paying Agents. The Paying Agents will, in turn, make such payments to the common depositary or its nominee for Euroclear and/or Clearstream, which will, in turn distribute such payments to participants in accordance with its procedures. After payment to the common depositary for Euroclear and/or Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the holders of Book-Entry Interests. Accordingly, if you hold a Book-Entry Interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, on the procedures of the participant through which you hold your interest, to exercise any rights and obligations of a holder of Notes under the Indenture governing the Notes.

Unlike the holders of the Notes themselves, holders of Book-Entry Interests do not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you hold a Book-Entry Interest, you are permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream, as applicable. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture governing the Notes, unless and until definitive registered Notes are issued in respect of all Book-Entry Interests, if you hold a Book-Entry Interest, you will be restricted to acting through Euroclear or Clearstream. The procedures to be implemented through Euroclear or Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Ownership in respect of the Notes in registered form could be challenged under Luxembourg law.

The Issuer has, in respect of the Notes, caused a register (the "Register") to be kept at the specified office of the Registrar in which are entered the names and addresses of the holders of the Notes and particulars of the Notes held by them and all transfers and redemptions of the Notes.

According to Luxembourg company law, the Issuer is obliged to maintain a register of the Notes at its registered office (the "Issuer Register"). Ownership in respect of the Notes (which are in registered form) is, according to Luxembourg company law, established by the relevant registration (*inscription*) in the Issuer Register. The Registrar has undertaken pursuant to the Indenture to notify the Issuer forthwith of any changes made to the Register to enable it to update the Issuer Register. Accordingly, the registrations in the Register should, in principle, match the recordings in the Issuer Register. However, there may be a delay in updating the Issuer Register and discrepancies in recordings cannot be excluded.

The terms and conditions of the Notes provide that, in the case of discrepancies between the Issuer Register and the Register, the Issuer Register shall prevail. It is generally held that the registrations made in the Issuer Register constitute a means to prove ownership in respect of the Notes. However, Luxembourg case law seems to admit that such registrations in the Issuer Register are not an irrebuttable presumption (*présomption irréfragable*) of title to the Notes and other registrations (such as the registrations made in the Register) could also serve as a means to prove ownership. It can hence not be excluded that, in the case of discrepancies between the Register and the Issuer Register, a Luxembourg court would rule that the Register prevails over the Issuer Register. Certificates representing the Notes in registered form may be issued but they do not confer title to the Notes. Such certificates would also, in principle, not be conclusive evidence to prove ownership in respect of the Notes.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in euro. If you measure your investment returns by reference to a currency other than the euro, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign exchange gains or losses from any investment in the Notes. Please see "Taxation—U.S. Taxation."

Risks Related to the Guarantees

Enforcement of the Notes and the Guarantees across multiple jurisdictions may prove difficult.

On the Issue Date, the Notes were issued by Intralot Capital Luxembourg S.A., which is organized under the laws of the Grand Duchy of Luxembourg, and guaranteed by the Guarantors, which are organized under the respective laws of Australia, Greece, Bulgaria, Morocco, the Netherlands, Jamaica, St. Lucia, Germany, England, Spain, Brazil, State of Georgia (United States), Cyprus, and the Grand Duchy of Luxembourg, as the case may be. Your rights under the Notes and the Guarantees are subject to the insolvency and administrative laws of several jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's and the Guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government and other preferred creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in these jurisdictions, or limit any amounts that you may receive. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations," "Description of the Notes—Brief Description of the Notes and the Guarantees—Limitation of Guarantees" and "Certain Luxembourg Insolvency Law Considerations with respect to the Issuer and the Luxembourg Guarantor."

Furthermore, payments under the Guarantees in certain jurisdictions may be subject to foreign exchange controls or other administrative approvals, which may result in further uncertainty regarding the enforcement of your rights under such Guarantee and could result in you not receiving any amounts under such Guarantee.

Fraudulent conveyance laws and other limitations on the enforceability and the amount of the Guarantees may adversely affect their validity and enforceability.

Enforcement of each Subsidiary Guarantee will be limited to the extent of the amount which can be guaranteed by a particular guarantor without rendering the guarantee voidable or otherwise ineffective under, or contrary to, applicable law. Enforcement of any of the Subsidiary Guarantees against any Guarantor will also be subject to certain defenses available to guarantors. These laws and defenses include, primarily with respect to Subsidiary Guarantors, those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and similar laws, a court could subordinate or void any guarantee provided by such guarantor if it found, for example, that:

- the guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the respective guarantor; or
- the relevant guarantor did not receive fair consideration or reasonably equivalent value for the guarantee granted, and the relevant guarantor:
    - was insolvent or was rendered insolvent because of the guarantee granted;
    - was undercapitalized or became undercapitalized because of the guarantee granted;
    - intended to incur, or believed that it would incur, debt beyond its ability to pay at maturity; or
    - the guarantee granted was not in the best interests or for the benefit of the relevant guarantor.

The measure of insolvency for purposes of fraudulent conveyance and similar laws varies depending on the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its debts as they became due. In such circumstances, if a court voided such Guarantee, or held it unenforceable, holders of the Notes could cease to have any claim in respect of the relevant Guarantor, and could be creditors solely of the Issuer, the Company and any remaining Subsidiary Guarantors. The holders of the Notes may also be required to repay any amounts received with respect to such Guarantee.

Furthermore, the Subsidiary Guarantees may be subject to claims that they should be limited or subordinated under Luxembourg, United States or other applicable law. The enforcement of the Subsidiary Guarantees will be limited to the extent that the granting of such Subsidiary Guarantees is not in the corporate interest of the relevant guarantor, would be in breach of capital maintenance or thin capitalization rules or any other general statutory laws or that the burden of such Subsidiary Guarantee and the Guarantees exceed the benefit to the relevant guarantor.

A summary description of certain limitations on the validity and enforceability of the Guarantees in respect of the laws of certain jurisdictions where the Guarantors are organized is set out in "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations."

The Guarantees might be challenged or voidable in insolvency proceedings.

The Guarantees may be voidable by the relevant Guarantors or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. At each time, if the Guarantee granted, perfected or recreated were to be enforced before the end of the respective clawback period applicable in such jurisdiction, it may be declared void. To the extent that the issuance of any Guarantee is voided, holders of the Notes would lose the benefit of such Guarantee and would be creditors solely of the Issuer and any remaining Guarantors. The holders of the Notes may also be required to repay any amounts received with respect to such Guarantee.

In case the Issuer issues additional Notes with the same securities identification numbers as the initial Notes issued on the Issue Date, an insolvency administrator may seek to challenge the enforceability of Guarantees securing both the additional Notes and the initial Notes issued on the Issue Date even if the hardening period with respect to the Guarantees securing the initial Notes has expired, based on, among others, the fact that the initial Notes and the Additional Notes are fungible and not distinguishable. Any such successful challenge would further reduce the proceeds available to holders of the Notes.

A summary description of certain aspects of the insolvency laws of the Grand Duchy of Luxembourg and certain jurisdictions where the Guarantors are organized and have their center of main interests are set out in "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations," "Description of the Notes—Limitation of Guarantees" and "Certain Luxembourg Insolvency Law Considerations with respect to the Issuer and the Luxembourg Guarantor."

Any Guarantee may be released or impaired without consent of the holders of the Notes, and under certain circumstances the Notes lose the benefit of all Guarantees.

The Indenture provides that in certain circumstances any Guarantee may be released without any consent of the noteholders. Subject to certain exceptions and conditions, a Subsidiary Guarantee will be released upon the release of all other guarantees given by the relevant Subsidiary Guarantor with respect to indebtedness of the Issuer or any Guarantor. See "Description of the Notes—Brief Description of the Notes and the Guarantees—Release of the Company Guarantee" and "Description of the Notes—Brief Description of the Notes and the Guarantees—Release of the Subsidiary Guarantees." After any such release, the holders of the Notes will no longer benefit from the relevant Guarantee.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Notes ammounted to approximately €485.0 million, after payment of the estimated commissions and other expenses related to the offering of the Notes.

We intend to use the net proceeds of the offering of the Notes (i) to fully redeem the May 2021 Notes, (ii) to fully repay the Syndicated Facilities, (iii) to repay related fees and expenses, and (iv) for general corporate purposes. See "Summary—The Transactions."

The following table sets forth our expected sources and uses of funds (*pro forma*) in connection with the offering of the Notes (all amounts shown are principal amounts unless otherwise indicated).

Sources of Funds	**€ in millions**	**Uses of Funds**	**€ in millions**
Notes offered hereby[(1)]............	500.0	Repayment of the May 2021 Notes......................................	250.0
		Redemption cost of May 2021 Notes[(2)]...................................	7.5
		Accrued interest of May 2021 Notes[(3)]...................................	6.1
		Repayment of Syndicated Facilities[(4)]	165.0
		Estimated fees and expenses[(5)]	15.0
		General corporate purposes[(6)] .	56.4
Total Sources	500.0	Total Uses..............................	500.0

(1) The amount reflects the gross proceeds from the issuance of the Notes.

(2) This amount reflects the cost to fully redeem the €250.0 million in outstanding principal amount of the May 2021 Notes at a redemption price of 103.000%.

(3) This amount refers to the accrued and unpaid interest of €6.1 million accrued through October 11, 2017.

(4) After the full repayment of the Syndicated Facilities, no amount under the Revolving Facility will remain outstanding, and the Term Loan will be cancelled. The Revolving Facility and the Standby Revolving Facility will not be cancelled but will remain available for drawing.

(5) Represents our estimate of commissions, fees and expenses in connection with or otherwise related to the offering of the Notes, including underwriting fees, commissions, other financing fees, professional and legal fees, financial advisory and other transaction costs. Actual fees and expenses may differ.

(6) This amount will be used for general corporate purposes, including capital expenditure.

CAPITALIZATION

The following table provides an overview of our unaudited consolidated capitalization as of June 30, 2017 (a) on an actual basis and (b) as adjusted to give effect to the Transactions as if these events had occurred on June 30, 2017. See "Use of Proceeds."

The information set out below should be read in conjunction with our consolidated financial statements included elsewhere in this Listing Prospectus.

	As of June 30, 2017			
€ in millions	**Actual(1)**	**Pro forma(2)**	**Adjustments**	**As adjusted**
Cash and cash equivalents(3)	147.2	147.2	56.4	203.6
Notes offered hereby	—	—	500.0	500.0
May 2021 Notes(4)	246.6	250.0	(250.0)	0.0
September 2021 Notes(5)	246.7	250.0	—	250.0
Syndicated Facilities(6)	152.3	165.0	(165.0)	0.0
Local Credit Facilities(7)	16.4	7.2	—	7.2
Other Debt Liabilities	0.8	1.6	—	1.6
Finance Lease Obligations	1.2	1.4	—	1.4
Total debt	**664.0**	**675.2**	**85.0**	**760.2**
Total shareholder's equity	153.0	153.0	—	153.0
Total equity	**153.0**	**153.0**	**—**	**153.0**
Total capitalization	**817.0**	**828.2**	**85.0**	**913.2**

(1) "Actual" indebtedness figures are shown as book values.

(2) Pro forma figures reflect material changes to our financial indebtedness post-June 30, 2017 and do not reflect changes in our cash position as a result of operations. Indebtedness figures are presented as actual principal amount owed, gross of unamortized costs under the effective interest rate method. Shareholder's equity and total equity are presented as actual amounts.

(3) None of this amount is subject to Greek capital controls.

(4) On May 8, 2014, the Issuer issued the May 2021 Notes in an aggregate principal amount of €250.0 million. We intend to fully redeem the May 2021 Notes at the redemption price of 103.000% of the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption.

(5) On September 23, 2016, the Issuer issued the September 2021 Notes in an aggregate principal amount of €250.0 million.

(6) The Syndicated Facilities comprise the Revolving Facility, the Term Facility, and the Standby Revolving Facility. The Syndicated Facilities mature on December 16, 2019. As of June 30, 2017, the amount outstanding under the Syndicated Facilities was €155.0 million. Subsequent to June 30, 2017, we drew an additional €10.0 million under our Revolving Facility to make a repayment of a revolving credit facility under a Local Credit Facility. See footnote 7. Concurrent with the offering of the Notes, we intend to fully repay the Syndicated Facilities with proceeds of the Notes. After the full repayment of the Syndicated Facilities, no amounts under the Revolving Facility will remain outstanding, and the Term Loan will be cancelled. The Revolving Facility and the Standby Revolving Facility will not be cancelled but will remain available for drawing.

(7) The Local Credit Facilities include the following (amounts in parentheses are outstanding amounts as of June 30, 2017): a revolving facility (€9.8 million) which has been repaid and terminated as of the date of the offering of the Notes, Supreme Ventures Limited's (Jamaica) long-term credit facility (€2.6 million), Eurobet OOD's (Bulgaria) long-term credit facilities (€2.0 million), Totolotek S.A.'s (Poland) short-term credit agreement (€1.3 million) and Intralot do Brazil Ltda's (Brazil) revolving credit facility (€0.7 million).

For further information relating to the debt instruments described above, see "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of Other Indebtedness" and the audited consolidated financial statements and unaudited interim consolidated financial statements of Intralot S.A. and the notes thereto contained in this Listing Prospectus.

SELECTED FINANCIAL INFORMATION

The following tables present the Intralot Group's summary consolidated financial information and should be read in conjunction with the audited consolidated financial statements and unaudited interim consolidated financial statements of Intralot S.A. and the notes thereto contained in this Listing Prospectus and the sections entitled "Use of Proceeds," "Capitalization" and "Management's Discussion and Analysis of Our Financial Condition and Results of Operations."

The summary financial information provided below was extracted from our audited consolidated financial statements as of and for the years ended December 31, 2015 and 2016 prepared in accordance with IFRS and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 prepared in accordance with IAS 34, "Interim Financial Reporting." In addition, the financial information for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 have also been restated to reflect the classification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations, as described further in "Presentation of Financial and Other Information—Financial Information."

Unaudited financial information for the last twelve months ended June 30, 2017 is calculated by adding the unaudited interim consolidated financial information for the six months ended June 30, 2017 to the difference between the audited consolidated financial information for the full year ended December 31, 2016 and the unaudited interim consolidated financial information for the six months ended June 30, 2016, all extracted from our consolidated financial statements included elsewhere in the Listing Prospectus. The unaudited financial information for the last twelve months ended June 30, 2017 has been prepared for illustrative purposes only and the results of operations for the year ended December 31, 2015 that were included in our audited consolidated financial statements for the year ended December 31, 2016, which have been adjusted to present our Italian operations, operations of Intralot Peru and the betting operations in Russia as discontinued operations, have been prepared for comparative purposes only, and both are not necessarily representative of our results of operations for any future period or our financial condition at any future date.

This Listing Prospectus includes consolidated financial data which has been adjusted to reflect certain effects of the sale of the Notes and the use of proceeds on our financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid as at and for the last twelve months ended June 30, 2017. Our consolidated pro forma financial data have been prepared for illustrative purposes only and do not purport to represent what our actual financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid would have been if the sale of the Notes and the use of proceeds had occurred on June 30, 2017, nor does it purport to project our financial debt, cash and cash equivalents, net financial debt, net interest paid, net financial debt to EBITDA and EBITDA to net interest paid at any future date. The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this Listing Prospectus are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures."

Selected Income Statement Data

	Year ended December 31,				Six months ended June 30,[1]		Twelve months ended June 30,
	2014	**2015**	**2015A[1]**	**2016**	**2016**	**2017**	**2017[1]**
	(€ in millions)						
Income Statement Information:							
Revenue	1,853.1	1,914.9	1,235.4	1,323.6	636.9	733.2	1,419.9
Less: Cost of sales	(1,582.9)	(1,653.3)	(1,001.7)	(1,090.5)	(517.7)	(606.2)	(1,179.0)
Gross profit	**270.2**	**261.6**	**233.7**	**233.1**	**119.2**	**127.0**	**240.9**
Other operating income	18.6	24.9	23.2	33.1	10.2	8.8	31.7
Selling expenses	(60.3)	(66.4)	(56.5)	(56.3)	(27.4)	(29.4)	(58.3)
Administrative expenses	(119.9)	(125.0)	(89.8)	(87.4)	(41.8)	(45.3)	(90.9)
Research and development expenses	(7.2)	(6.1)	(6.1)	(4.7)	(2.7)	(2.7)	(4.7)
Other operating expenses	(13.3)	(10.0)	(5.2)	(9.9)	(1.4)	(1.9)	(10.4)
EBIT	**88.1**	**79.0**	**99.3**	**107.9**	**56.1**	**56.5**	**108.3**
EBITDA	**175.4**	**177.2**	**164.9**	**175.8**	**89.0**	**92.2**	**179.0**
Income/(expenses) from participations and investments	0.0	(0.2)	(0.2)	(17.5)	(1.3)	0.9	(15.3)

Gain/(loss) from assets disposal, impairment and write-off	(1.5)	(2.0)	(0.7)	(8.5)	(1.8)	(1.0)	(7.7)
Interest and similar charges	(70.8)	(68.6)	(67.8)	(87.5)	(34.1)	(27.2)	(80.6)
Interest and related income	12.5	18.0	17.9	11.8	6.2	3.6	9.2
Exchange differences	10.6	3.6	3.5	3.1	(3.0)	(4.2)	1.9
Profit/(loss) from equity method consolidation	(2.3)	(4.1)	(4.1)	(4.5)	(1.8)	(2.0)	(4.7)
Operating profit/loss before tax from continuing operations	**36.6**	**25.7**	**47.9**	**4.8**	**20.3**	**26.6**	**11.1**
Taxes	(44.2)	(46.4)	(45.1)	(32.6)	(15.3)	(17.5)	(34.8)
Net profit/loss from continuing operations (a)	**(7.6)**	**(20.7)**	**2.8**	**(27.8)**	**5.0**	**9.1**	**(23.7)**
Net profit/loss from discontinued operations (b)	0.0	0.0	(23.5)	72.7	34.6	(12.1)	26.0
Net profit/loss (continuing & discontinued operations) (a) + (b)	**(7.6)**	**(20.7)**	**(20.7)**	**44.9**	**39.6**	**(3.0)**	**2.3**
Other comprehensive income after tax							
Defined benefit plans revaluation	0.0	0.0	0.0	0.1	0.3	0.0	(0.2)
Valuation of available for sale financial instruments	(3.2)	(1.7)	(1.7)	(3.0)	(1.3)	0.1	(1.6)
Derivatives valuation	0.4	0.0	0.0	0.0	(0.1)	0.1	0.2
Exchange differences on translating foreign operations of subsidiaries	(0.9)	(13.6)	(13.6)	(8.4)	(1.3)	(1.4)	(8.5)
Share or exchange differences on translating foreign operations of associates and joint ventures	9.3	8.2	8.2	2.5	(2.7)	(8.2)	(3.0)
Other comprehensive income/(expense) after tax	**5.6**	**(7.1)**	**(7.1)**	**(8.8)**	**(5.1)**	**(9.4)**	**(13.1)**
Total comprehensive income/(expense) after tax	**(2.0)**	**(27.8)**	**(27.8)**	**36.1**	**34.5**	**(12.4)**	**(10.8)**

(1) We define "2015A" as the results of operations for the year ended December 31, 2015 that were included in our audited consolidated financial statements for the year ended December 31, 2016, which were adjusted to present our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations (which do not include the results of Eurobet). The results of operations for the six months ended June 30, 2016 also present the reclassification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations, and do not contain the results of Eurobet.

Selected Balance Sheet Data

	As of December 31,			As of June 30,
	2014	**2015[(2)]**	**2016**	**2017**
		(€ in millions)		
Balance Sheet Information:				
Assets				
Non-current assets				
Tangible fixed assets	182.8	166.5	127.0	111.3
Investment property	0.0	5.8	6.0	5.4
Intangible assets	348.9	328.8	329.6	334.4
Investment in subsidiaries and associates	32.6	40.9	180.8	170.3
Other financial assets	36.9	26.1	21.9	21.2
Deferred tax assets	9.0	9.1	6.8	5.9
Other long term receivables	60.6	70.2	22.4	23.5
	670.8	**647.4**	**694.5**	**672.0**
Current assets				
Inventories	52.0	42.6	32.2	35.2
Trade and other short-term receivables	215.1	202.7	170.0	150.1
Other financial assets	0.3	0.0	0.0	0.1
Cash and cash equivalents	416.9	276.6	164.4	147.2
	684.3	**521.9**	**366.6**	**332.6**

Total assets	**1,355.1**	**1,169.3**	**1,061.1**	**1,004.6**
Equity and liabilities				
Share capital	47.7	47.7	47.7	47.7
Treasury shares	(0.5)	(0.5)	(1.7)	(1.7)
Other reserves	59.8	62.2	56.0	56.8
Foreign currency translation	(57.1)	(59.4)	(61.2)	(64.7)
Retained earnings	167.6	79.6	86.7	60.2
	217.5	**129.6**	**127.5**	**98.3**
Minority interest	100.0	77.8	69.0	54.7
Total equity	**317.5**	**207.4**	**196.5**	**153.0**
Non-current liabilities				
Long-term debt	557.4	716.1	643.9	652.7
Staff retirement indemnities	7.1	6.9	5.4	5.1
Other long-term provisions	6.1	6.6	10.9	8.3
Deferred tax liabilities	14.7	16.1	16.0	15.2
Other long-term liabilities	14.2	19.1	17.3	16.1
Finance lease obligation	8.6	2.0	0.7	0.5
	608.1	**766.8**	**694.2**	**697.9**
Current liabilities				
Trade and other short-term liabilities	175.4	135.3	128.1	122.1
Short-term debt and current portion of long-term debt	232.3	36.2	14.7	10.8
Current income taxes payable	13.6	15.0	17.6	16.5
Short-term provision	8.2	8.6	10.0	4.3
	429.5	**195.1**	**170.4**	**153.7**
Total liabilities	**1,037.6**	**961.9**	**864.6**	**851.6**
Total equity and liabilities	**1,355.1**	**1,169.3**	**1,061.1**	**1,004.6**

(2) The adjustments based on IFRS requirements described in footnote (1) above have not been made to our balance sheet data for the year ended December 31, 2015. As a result, comparability of the balance sheet data is affected between the years ended December 31, 2015 and 2016.

Selected Cash Flow Statement Data

	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,
	2014	2015	2016	2016	2017	2017
	(€ in millions)					
Cash Flow Information:						
Net cash from operating activities	153.0	113.8	168.1	86.2	77.2	159.1
Net cash from investing activities	(44.9)	(59.8)	(49.6)	(43.3)	(32.3)	(38.6)
Net cash from financing activities	157.0	(182.3)	(225.3)	(96.8)	(54.5)	(183.0)
Net increase/(decrease) in cash and cash equivalents for the year	**265.1**	**(128.3)**	**(106.8)**	**(53.9)**	**(9.6)**	**(62.5)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Intralot Group's financial condition and results of operation are based on the audited consolidated financial statements of Intralot S.A. as of and for the years ended December 31, 2015 and 2016, and the unaudited interim consolidated financial statements for the six month period ended June 30, 2017 and notes thereto, which are reproduced elsewhere in this Listing Prospectus and should be consulted when reading the information presented below. The audited consolidated financial statements were prepared in accordance with IFRS as adopted by the EU. The audited consolidated financial statements were audited by S.O.L. and Grant Thornton and were issued with an unqualified audit opinion. The unaudited interim consolidated financial statements were prepared in accordance with IAS 34.

Some of the statements contained below relate to future revenue, costs, capital expenditures, acquisitions and financial condition and include forward-looking statements. Because such statements involve inherent uncertainties, actual results may differ materially from the results expressed in or implied by such forward-looking statements. A discussion of such uncertainties can be found in "Important Information" and "Forward-looking Statements." In addition, investing in the Notes involves risks. Such risks are discussed in "Risk Factors."

Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate and support customized software and hardware for the gaming industry, providing technology and management services to state and state-licensed lottery and gaming organizations worldwide. Since our establishment 25 years ago, we have developed innovative technology for the gaming industry and acquired extensive operating know-how and experience. Both the quality and innovation of our technology and our operating experience are central to maintaining our existing customer relationships and winning new contracts. We proactively manage a diversified and stable portfolio of 87 contracts and licenses across 52 jurisdictions.

Our operations are structured across three main business activities: (i) technology and support services; (ii) management services; and (iii) licensed operations. Our technology and support service activities include the provision of equipment, software and maintenance and support services to lottery and gaming organizations, often under long-term contracts. We currently manage 56 individual technology and support services contracts across 40 jurisdictions. Our management business activities include the day-to-day management of operations, marketing services, sales network and risk management/odds setting for gaming and sports betting organizations. We currently operate five management contracts. Under these contracts, the customer is the license holder and remains responsible for frontline tasks, cash management and approvals and compliance with regulatory controls. Through our licensed operations, we are the license holder either directly or indirectly and we are responsible for all aspects of a gaming operation, including the selection and provision of technology, as well as the ongoing support and the management of the operations. We currently operate 26 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 13 jurisdictions.

In the last twelve months ended June 30, 2017, we had revenue of € 1,419.9 million and EBITDA of €179.0 million, on a fully consolidated basis for companies that we control, although such effective control is not necessarily combined with majority economic ownership in all of those companies. See "Presentation of Financial and Other Information." In the three years ended December 31, 2014, 2015 and 2016, we had revenue of €1,853.1 million, € 1,914.9 million and € 1,323.6 million, respectively, and EBITDA of €175.4 million, € 177.2 million and €175.8 million, respectively. As of June 30, 2017, we had net debt of € 516.8 million, and a market capitalization of €184.4 million as of September 13, 2017 (source: Athens Exchange S.A.). In addition, as of June 30, 2017, we had 5,168 full-time employees.

Business Activities

We have three business activities: Technology and Support Services Contracts; Management Contracts; and Licensed Operations.

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

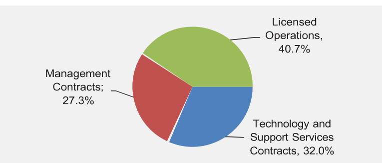
	Technology and Support Services Contracts	Management Contracts	Licensed Operations

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, South Korea, Cyprus, Czech Republic, Italy and Peru.	Morocco and Russia	Poland, Slovakia, Cyprus, Greece, Italy, Peru, South Korea and Brazil

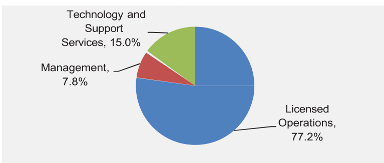
Our key geographies set forth in the table above represented approximately 92.6% of our EBITDA in the last twelve months ended June 30, 2017.

The following diagrams set forth our percentage of revenue and EBITDA by business activity and our percentage of revenue net of payout by business activity, respectively, for the last twelve months ended June 30, 2017:

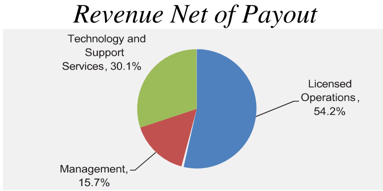
EBITDA



Revenue



Revenue Net of Payout



Technology and Support Services Contracts

Our technology and support activity primarily includes 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 56 individual technology and support services contracts across 40 jurisdictions through 18 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 15.0% of our revenue and 30.1% of our revenue net of payout in the last twelve months ended June 30, 2017.

Management Contracts

Our management contracts activity primarily includes 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 five management contracts in three jurisdictions through four subsidiaries.

We earn a fee under our management contracts based on a fixed percentage of wagers. Revenue under our management contracts is not subject to payout costs for player winnings. Our management contracts represented approximately 7.8% of our revenue and 15.7% of our revenue net of payout in the last twelve months ended June 30, 2017.

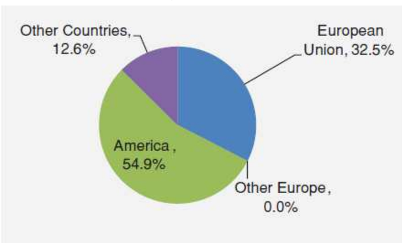
Licensed Operations

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 26 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 13 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 77.2% of our revenue and 54.2% of our revenue net of payout in the last twelve months ended June 30, 2017.

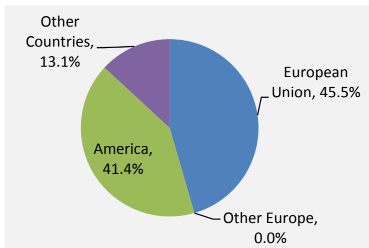
The following diagrams set forth our revenue by region and business activity for the last twelve months ended June 30, 2017.

Technology and Support Services Contracts



Management Contracts

Licensed Operations



In the last twelve months ended June 30, 2017, our revenue from Turkey, Greece, Rest of Europe, the Americas and the Rest of the World represented 6.2%, 2.5%, 37.7%, 40.1% and 13.5%, respectively.

Game Categories

We offer the following categories of gaming products under each of our three business activities described above:

- ***Lottery games***, which represented 43.0% of our revenue in the last twelve months ended June 30, 2017, 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 35 jurisdictions on four continents in each of our three business activities.

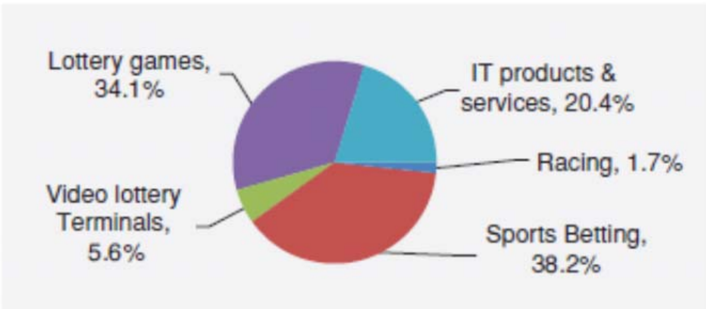
- ***Sports betting***, which represented 41.0% of our revenue in the last twelve months ended June 30, 2017, includes the operation, supply of technology, bookmaking and risk management services for 11 jurisdictions, with a capacity of more than 12,000 events (pre-game and in-play) per month and more than 400 market types. 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 10.1% of our revenue in the last twelve months ended June 30, 2017, 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 2.8% of our revenue in the last twelve months ended June 30, 2017, include solutions and services for VLT monitoring, gaming venues and server-based gaming. We operate and/or service over 42,700 gaming machines in six jurisdictions.

- ***Racing***, which represented 3.1% of our revenue in the last twelve months ended June 30, 2017, 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 seven jurisdictions.

The following diagram sets forth our revenue net of payout by type of product for the last twelve months ended June 30, 2017.



Key Factors Affecting Our Results of Operations

Our results of operations, financial condition and liquidity have been influenced in the periods discussed in this Listing Prospectus by the following events, facts, developments and market characteristics. We believe that these factors have influenced and are likely to continue to influence our operations in the future.

Key Revenue Drivers

Our revenue is typically driven by a combination of wagers received by us (in respect of our licensed operations business) and a percentage of total wagers received by our customers (in respect of our technology and support services and management contracts businesses).

In our technology and support services and management contracts businesses, our revenues are fees that are based usually on a percentage of the total wagers, or in some cases simply a fixed amount per year. In our licensed operations business, our revenues equal the total lottery sales (wagers), except in the case of VLT games where our revenues are the "net drop" (wagers minus the winnings of the players), which is driven by our ability to offer attractive odds to customers while also controlling our payout risk. See "—Payout Management."

Our revenues are primarily linked to sports betting, lottery and VLT sales, and, accordingly, our results of operations can be affected by the following factors:

- competition for new contracts and renewals;
- game regulation and taxation;
- macroeconomic conditions and demographics;
- exchange rate fluctuation;
- sporting event timing;
- staff & R&D costs;
- payout management (especially in respect of sports betting games); and
- acquisitions and dispositions.

Competition for New Contracts and Renewals

We compete for new contracts, and seek to retain existing contracts when up for renewal, on the basis of our technological leadership and experience. We believe that the most important factor in our ability to win new and retain existing contracts is our ability to meet the needs of our customers across a range of business activities and operating environments, which we achieve through our advanced operating technologies.

Since 2010, we have won more than 30 new contracts, which has helped us to expand significantly the number of geographies in which we operate, as well as the total population of the markets that we address. This has helped us to grow our revenue base during the period from €835.5 million in the year ended December 31, 2007 to €1,419.9 million in the last twelve months ending June 30, 2017.

We have a strong track record of renewing or extending our contracts as they come up for renewal, as demonstrated by our recent contract renewals/extensions history in the United States. Since 2008, we have successfully renewed or extended approximately 90% of our contracts in the U.S. Nevertheless, we continue to face competition for contracts in connection with bids, re-bids, extensions and renewals, which could lead to the loss of contracts or rate reductions and/or additional service requirements in contracts that we win or retain.

Our strategy to compete effectively includes launching new products and services by leveraging our strong R&D expertise to develop novel solutions, implement innovative technologies and marketing tools and, where permissible, expand retail distribution.

Regulation and Taxation

Our licensed operations are highly regulated and many of the factors that affect our results of operations are prescribed by applicable regulation. These factors include minimum payout ratios, such as in the case of gaming machines in many of the markets where we are present, gaming taxes, maximum wagers, minimum average gaming times, and the number of gaming machines that we may install in bars, restaurants and other locations. See “Regulation.”

In several countries in which we operate, changes to gaming regulation have both liberalized the market to permit or increase private sector involvement, and broadened the scope of regulation to increase the size of the regulated market and to reduce the impact of illegal gambling.

Changes in taxation on winnings can impact player participation, which can affect our licensed operations directly, and our other business activities indirectly. With respect to licensed operations in particular, substantial changes in taxation on both winnings and wagers in the jurisdictions where we operate can have an effect on player activity and in turn on our financial results in that market. For example, taxes on winnings directly discourage player participation and reduce their funds available to recycle into new wagers. Taxes on wagers increase our costs, which we in turn pass on to players in the form of reduced odds, which indirectly reduces player participation. On the other hand, our technology and support services and management business are less exposed to gaming tax risk since our counterparties for these contracts are generally governments who would not gain from taxation on their own profits.

Historically, governments have been cautious in changing gaming tax rates because increased rates can lead to reduced player participation, which would have an adverse impact on the financial results of operators such as ourselves and ultimately their gross tax receipts from such operators. See "Risk Factors—Risks Related to the Gaming Industry—The gaming industry may be subject to new or increased taxation."

Macroeconomic Factors and Demographics

Gaming is a form of entertainment and, as such, competes with other forms of entertainment for the discretionary spending of the local population. In general, countries and regions with higher gross domestic products ("GDPs") tend to have higher levels of discretionary spending that can be directed to gaming and other forms of entertainment. Similarly, although we believe gaming tends to be more resilient than other forms of entertainment, when a country or region experiences a decline in GDP or a rise in inflation, spending on gaming may also decline.

Demographic changes may also affect our results of operations, since, for example, population increases or changes to socio-economic mixes can lead to a change in the player base. In addition, changing social habits in the countries in which we operate, such as longer working hours that result in a decrease in time spent on entertainment, may adversely affect our results of operations.

Exchange Rate Fluctuations

We report our consolidated financial statements in euro. As a result, we must translate the assets, liabilities, revenues and expenses of all our operations with a functional currency other than the euro into euro at the then-applicable exchange rates. Consequently, increases or decreases in the value of the euro may affect the value of these items with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency. These translations could significantly affect our results between financial periods and/or could result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. We record the effects of these translations in our consolidated income statement as exchange differences on retranslation of foreign operations. For example, in the twelve months ended December 31, 2016, the main foreign currency impacts on our revenue have come from translating the results of the Azerbaijani Manat and Argentina Peso to Euro, which has resulted in a negative effect of €64.1 million and €48.7 million, respectively. For the same period, the main foreign currency impacts on our EBITDA have come from translating the results of the Azerbaijani Manat and Argentina Peso to Euro, which has resulted in a negative effect of €8.5 million and €9.1 million, respectively. During the last twelve months ended June 30, 2017, 87.2% of our revenue was derived from subsidiaries whose functional currency was other than the euro, particularly the Jamaican dollar, Azerbaijani manat, Turkish lira, U.S. dollar and Australian dollar. For the last twelve months ended June 30, 2017, revenue in Jamaican dollars, Azerbaijani manat, Turkish lira, U.S. dollars and Australian dollars represented approximately 25.3%, 10.1%, 6.2%, 6.0% and 1.5% of our revenue, respectively.

Since wagers in our licensed operations transactions are both placed and settled in the same currency, we do not experience material transaction risks other than when transferring cash from our subsidiaries to Intralot S.A. See "Risk Factors—Risks Related to Our Business Operations—Translation Risk and Fluctuations in currency exchange rates may adversely affect our results of operations, and hedging carries certain costs and risks."

The following table sets forth the average exchange rates for the euro against the Jamaican dollar, Azerbaijani manat, Peruvian new sol, U.S. dollar, Australian dollar and Turkish lira for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2014	**2015**	**2016**	**2016**	**2017**
Average rates					
EUR/JMD	146.0545	128.7897	138.7096	137.3361	140.6731
EUR/AZN	1.0352	1.1797	1.7844	1.7171	1.9158
EUR/PEN	3.7575	3.5324	3.7256	3.7553	3.5651
EUR/USD	1.3209	1.1302	1.1034	1.1125	1.0940
EUR/AUD	1.4710	1.4802	1.4853	1.4837	1.4433
EUR/TRY	2.8914	3.0350	3.3390	3.2185	3.9473

Source: Bloomberg

Sporting Event Timing

Our sports betting revenue is affected by the timing of sporting events, which drive seasonal increases or decreases in revenue, transactions, registrations and activations. This effect is particularly pronounced in even-numbered calendar years with major international football tournaments, most notably the FIFA World Cup and the UEFA European

Championships. Our revenue in such years tends to be higher than in years without a major football tournament, with higher betting-related revenue in such years.

Staff Costs and Research & Development Expenses

Staff costs are the third largest component of our total cost base after payout and gaming taxes, and amounted to €126.3 million, €132.4 million, €113.4 million and €116.1 million in the years ended December 31, 2014, 2015 and 2016 and the last twelve months ended June 30, 2017, respectively. Staff costs are accounted for as a portion of cost of sales, administration expenses, research and development expenses and selling and distribution expenses, depending on function. While we consider our staff costs to be effectively fixed, we are typically able to adjust our cost base in response to new contracts starting or old contracts finishing.

The following table sets forth our staff costs included in cost of sales, administrative expenses, selling expenses and research and development expenses for the periods indicated:

	Year ended December 31,				Last twelve months ended June 30, 2017
	2014	2015	2015A(1)	2016	(unaudited)
	(€ millions, except percentages)				
Cost of sales	56.2	62.1	54.6	56.0	57.5
Administrative expenses	48.8	51.6	40.7	41.6	42.6
Selling expenses	16.8	15.8	13.8	13.7	14.0
Research and development expenses	4.5	2.9	2.9	2.1	2.0
Total staff costs	**126.3**	**132.4**	**112.0**	**113.4**	**116.1**
Total staff costs as a percentage of revenue	**6.8%**	**6.9%**	**9.1%**	**8.6%**	**8.2%**

(1) We define "2015A" as the results of operations for the year ended December 31, 2015 that were included in our audited consolidated financial statements for the year ended December 31, 2016, which were adjusted to present our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations (which do not include the results of Eurobet). The results of operations for the six months ended June 30, 2016 also present the reclassification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations, and do not contain the results of Eurobet.

During the period under review, staff costs increased as a percentage of revenue, from 6.8% in the year ended December 31, 2014 to 8.2% in the last twelve months ended June 30, 2017 due in part to the revenue impact attributable to the discontinued operations in Italy, Peru and Russia.

At the same time, our research and development expenses (including staff costs, equipment and licenses attributable to research and development) have generally remained stable as a percentage of revenue. Research and development expenses were €7.2 million, €6.1 million, €4.7 million and €4.7 million during the years ended December 31, 2014, 2015 and 2016 and the last twelve months ended June 30, 2017, respectively. In addition, a portion of our research and development expenses (not included in the above) are capitalized according to our accounting policy. See "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Critical Accounting Principles—Research and Development Costs."

The following table sets forth our research and development expenses and research and development expenses as a percentage of revenue for the periods indicated:

	Year ended December 31,			Last twelve months ended June 30, 2017
	2014	2015	2016	
		(unaudited)		
	(€ millions, except percentages)			
Research and development expenses	7.2	6.1	4.7	4.7
Research and development expenses as a percentage of revenue	0.4%	0.3%	0.4%	0.3%

Payout Management

We are exposed to payout risk in our licensed operations business, and payout is the largest component of our cost of sales on a consolidated basis. During the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, payout was 58.7%, 57.4%, 58.9%, 57.4% and 61.0% of our cost of sales, respectively. We can experience short-term variations from time to time in specific jurisdictions, but tend to revert to our targeted payout ratio in the longer term. Our primary payout risk relates to payouts that are not predetermined but rather derived from the outcomes of specific events and the distribution of wagers placed on the provided fixtures/odds.

We have significant controls in place to minimize our payout risk and manage odds setting and payout exposure in real time. We operate a betting center in Greece and have traders in each jurisdiction in which we operate to coordinate and monitor our global betting activity on a real-time basis. We can instantly adjust odds or block bet acceptances across our online retail network, and we enter into risk exchange agreements with major international betting operators when possible. We believe our payout risk is naturally hedged due to the size of our sports books, our global reach, and different betting preferences across the globe. Even with our controls and hedges in place, excess payouts may occur in the short term, although in the medium term, payouts tend to converge to our targeted payout ratio.

Acquisitions and Dispositions

During 2016, we completed the business combination of our Italian activities with those of Gamenet, following which we hold a 20% ownership interest in the combined business, creating one of the leading players in the Italian gaming market. In Peru, we completed the sale of 80% of the shares of Intralot Peru to the Nexus Group. During the period, we also acquired a 49% stake in Eurobet, a numerical games and instant tickets operator, in Bulgaria and an option to acquire an additional 2% stake. During the first half of 2017 we sold 100% of the shares of Favorit Bookmakers Office OOO ("betting operations in Russia"). We are also exploring a divestment of a stake in our Jamaica business. These transactions, described in further detail below, are in line with our strategy to create, in selected countries, strategic partnerships with strong local partners that allow us to share financial and operational risk and reduce capital investments while also helping us to maintain existing and acquire new contracts and customers.

In accordance with IFRS, we have classified our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations in our audited consolidated financial statements for the year ended December 31, 2016 and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017. In addition, the financial information as of and for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 have also been restated to reflect the classification of our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations. For more information, see note 2.20.A.VIII of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017. Since July 2016, we have fully consolidated the results of Eurobet. See Note 2.20.III.A of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017 included in this Listing Prospectus. The financial information as of and for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 also do not include the results of Eurobet.

The audited consolidated financial statements for the year ended December 31, 2015 do not classify our Italian operations, the operations of Intralot Peru or the betting operations in Russia as discontinued operations, and do not include the results of Eurobet. However, for purposes of comparability, our results of operations for the year ended December 31, 2015 that were included in our audited consolidated financial statements for the year ended December 31, 2016 have been adjusted to present our Italian operations, the operations of Intralot Peru, and the betting operations in Russia as discontinued operations. This adjustment has been prepared for comparative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. The difference in classification of the Italian operations, the operations of Intralot Peru and the betting operations in Russia, as well as the consolidation of Eurobet, affects comparability of our results of operations and cash flows presented in this Listing Prospectus.

<u>Italy</u>

On June 25, 2016, we announced that we signed an agreement with TCP Lux Eurinvest S.à r.l., the main shareholder of Gamenet in Italy, with respect to the business combination of our Italian activities. In connection with the business combination, we contributed our wholly-owned subsidiaries Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A. and Veneta Servizi S.r.l. to Gamenet in exchange for a 20% interest in the combined operations held by Gamenet Group S.p.A., creating one of the largest concessionaires of VLT, AWP, betting and online gaming in Italy.

Following the completion of the transaction on June 27, 2016, and the approval of the competent Competition Authority, we control 20% of the combined operations of Gamenet Group S.p.A., with a network of approximately 750 POS (many of which will use Intralot's brand name), approximately 8,500 VLTs, over 45,000 AWPs and more than 60 directly owned and managed gaming halls. We expect that this transaction will result in revenue and cost synergies for our Italian operations as well as a reduction of capital expenditure.

We classified our Italian activities that were contributed in the business combination as assets held for sale and discontinued operations on March 31, 2016. As from the completion of the transaction on June 27, 2016 we consolidated the 20% share of the combined operations of Gamenet Group S.P.A. through the equity method. See Note 2.20.A.VIII to the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017 included in this Listing Prospectus. This transaction did not have any impact on our EBITDA for the last twelve months ended June 30, 2016 as our EBITDA for the period reflects the reclassification of our Italian operations as discontinued operations. See "Presentation of Financial and Other Information."

Peru

On May 26, 2016, we announced that we had reached an agreement with Nexus Group to sell 80% of the shares of Intralot Peru, our wholly-owned subsidiary in Peru, which operates numerical games and sports betting in the country online and through a network of 3,700 POS. After the completion of the transaction on November 11, 2016, the Intralot Group holds a 20% participation in Intralot Peru's capital stock and will continue to be Intralot Peru's technology provider.

We classified the above activities of the Group in Peru as assets held for sale and discontinued operations on June 30, 2016, and we will consolidate the remaining 20% share of the Intralot Peru operations through the equity method as from the transaction completion date. See Note 2.20.A.VIII. to the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017 included in this Listing Prospectus. This transaction did not have any impact on our EBITDA for the last twelve months ended June 30, 2017 given that our EBITDA for the period already reflects Intralot Peru operations as discontinued operations. See "Presentation of Financial and Other Information."

Russia

In December 2016, we took the decision to definitively discontinue our activities regarding the betting services provided through our subsidiary Favorit Bookmakers Office OOO in Russia and, in June 2017, we sold 100% of the shares of Favorit Bookmakers Office OOO. In accordance with IFRS 5 par. 13, we have classified the betting operations in Russia as discontinued operations in our audited consolidated financial statements for the year ended December 31, 2016 and our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017. In addition, the financial information for the six months ended June 30, 2016 shown in the unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017 have also been restated to reflect this classification. For more information, see note 2.20.A.VIII of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017. This transaction did not have any impact on our EBITDA for the last twelve months ended June 30, 2017 given that our EBITDA for the period already reflects Favorit Bookmakers Office OOO operations as discontinued operations. See "Presentation of Financial and Other Information."

Although we have exited the betting services market, we still have management operations in Russia through Intralot OOO Ltd.

Bulgaria

On April 6, 2016, we announced the acquisition, through our Bulgarian subsidiary Bilot Investment EOOD, of a 49% stake in Eurobet OOD ("Eurobet"), a Bulgarian gaming company that offers numerical games and scratch tickets through a network of more than 1,000 POS countrywide. The cost of the transaction amounted to €19.5 million and the acquisition was completed in early July 2016, following approval by the Bulgarian Commission on Protection of Competition. As part of this transaction, we also obtained an option to acquire an additional 2% interest in Eurobet. For this reason, we have fully consolidated the results of Eurobet as from July 2016. See Note 2.20.III.A of the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2017 included in this Listing Prospectus.

Jamaica

As of the date of this Listing Prospectus, the Company has signed an amended and restated memorandum of understanding ("MoU") regarding the potential sale of its 50.05% stake in Intralot Caribbean Ventures Ltd which holds a 49.90% in Supreme Ventures Limited, an operator of various games, including numerical games and sports betting, in Jamaica. Other than the signature of the MoU, no other action has taken place, such as the initiation of a due diligence process. There is therefore no assurance that an SPA will be signed, or that, even if an SPA is signed the transaction will be finally consummated.

Gamenet IPO

On August 29, 2017, Gamenet has announced the Gamenet IPO. We hold approximately 20% in Gamenet, with Trilantic Capital Partners Europe holding the other 80%. We expect to participate in selling a portion of our shares in the Gamenet IPO.

Explanation of Key Line Items

Revenue

Our revenue is principally comprised of revenue from our technology and support services contracts, management contracts and licensed operations business activities. We recognize revenue on an accrual basis, that is, when delivery of the related goods and services occurs, regardless of when the resulting monetary or financial flow occurs. We employ revenue recognition methodologies in accordance with IFRS criteria.

Technology and Facilities Management

We record revenues from our technology and facilities management and management contracts based on a fixed percentage of wagers or on a fixed fee contract:

- *Percentage of sales:* We are reimbursed by state gaming organizations based on a pre-determined percentage of sales (which reflects amounts wagered by the players).

- *Outright sale:* Payments are received over a pre-agreed period of time, usually several months. Outright sale contracts constitute a small portion of our revenues.

Management Contracts

- *Percentage of sales:* We are reimbursed by the license-holder based on a pre-determined percentage of sales (which reflects amounts wagered by the players).

Licensed Operations

- *Wagers before payout:* We record revenues from our licensed operations based on amounts wagered before any payout to players. Although we hold the license for operating games, we rely almost entirely on our agent network for our revenue collection mechanism.

Operating Costs

Our operating costs comprise:

- *Cost of Sales.* Our cost of sales includes payout amounts, gaming taxes and the cost of any merchandise sold.

- *Staff Costs.* Our staff costs include wages, salaries and social security costs, and are principally attributable to cost of sales and administrative costs.

- *Depreciation and Amortization.* Tangible fixed assets are depreciated on a straight-line basis over the estimated useful lives of each component of the assets. Intangible assets are amortized in the same way. The elements are depreciated from the date they are available for use. Land is not depreciated.

- *Selling Expenses.* Selling expenses are variable and include agent commissions paid in connection with our licensed operations as well as costs relating to marketing, advertising and promotional materials and the costs of merchandising.

- *Other Expenses.* Other expenses are comprised of gaming and other taxes, machine and other leases, payment for independent professional services, such as legal and auditing services, travel and advertising expenses, repair and maintenance, insurance premiums, utilities, doubtful provisions and receivables write-offs among others.

- *Research and Development Expenses.* Research and development expenses primarily include salaries to specialized hardware and software developers.

In the last twelve months ended June 30, 2017, variable costs made up 84.5% of our total operating costs, including 56.2% for payout amounts, 7.1% for game tax and license fees, 6.1% for commissions paid to agents, 8.0% for direct cost of sales, and 7.1% for other variable costs. Variable costs amounted to 75.7% as a percentage of revenues.

With regard to fixed costs, staff costs represented 9.1%, and other fixed costs accounted for 6.4%, of total operating costs in the last twelve months ended June 30, 2017.

Other Operating Income

Other operating income includes income from activities that are outside the main scope of our service offerings. This comprises connectivity fees from third-party VLT operators mainly in Italy, income from cooperative marketing and distribution services of instant tickets in the United States and subleasing certain of our properties.

Operating Profit (EBIT)

Operating profit (EBIT) represents the excess of gross profit over operating costs plus other operating income.

Investing Items

- *Income/(expenses) from participations and investments.* Includes dividend income for the period, gain or loss obtained from participations and investments disposals completed during the period, as well as relevant loss for impairment and write-offs as disclosed in our audited consolidated financial statements.

- *Gain/(loss) from assets disposal, impairment and write-off.* Include gain or loss obtained from assets (tangible and intangible) disposals completed during the period, as well as relevant loss for impairment and write-offs as disclosed in our audited consolidated financial statements.

Financial Items

- *Interest and similar expenses.* Interest and similar expenses are principally comprised of interest paid on our outstanding indebtedness and other finance costs such as letters of guarantee costs and other bank charges.

- *Interest and similar Income.* Interest and related income are principally comprised of interest on cash balances and interest income from loans to associates.

- *Exchange Differences.* Exchange differences are principally comprised of gains and losses recorded upon translation of non-euro assets and liabilities into euro.

Profit/(loss) after tax from discontinued operations

Includes the results of Intralot Holding & Services S.p.A., Intralot Gaming Machines S.p.A., Intralot Italia S.p.A., Veneta Servizi Srl, Intralot de Peru S.A.C. and Favorit Bookmakers Office OOO, reflecting our divested operations in Italy, Peru and Russia and which we classified as assets held for sale and discontinued operations. See "—Key Factors Affecting Our Results of Operations—Acquisitions and Dispositions" and note 2.20.A.VIII to our reviewed interim consolidated financial statements for the six months ended June 30, 2017, reproduced elsewhere in this Listing Prospectus.

Income tax

Income tax includes all current and deferred taxes, as calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate. As a result of our history of acquisitions and disposals and internal corporate reorganizations, our significant international operations and our financing structure, our tax position is complex. VAT taxes are generally not deductible for gaming companies and, accordingly, are recorded as an operating expense.

Results of Operations of the Intralot Group Comparison of the Six Months Ended June 30, 2016 with the Six Months Ended June 30, 2017

Overview

The following table sets forth our operating results for the six months ended June 30, 2016 and 2017 on a continuing operations basis. In accordance with IFRS, we have classified our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations in our unaudited interim consolidated financial statements as of and for the six months ended June 30, 2017.

	Six months ended June 30,		
	2016	2017	% change
	(unaudited) (€ in millions)		
Income Statement Information:			
Revenue	636.9	733.2	15.1%
Less: Cost of sales	(517.7)	(606.2)	17.1%
Gross profit	**119.2**	**127.0**	**6.5%**
Other operating income	10.2	8.8	(13.7)%
Selling expenses	(27.4)	(29.4)	7.3%
Administrative expenses	(41.8)	(45.3)	8.4%
Research and development expenses	(2.7)	(2.7)	—
Other operating expenses	(1.4)	(1.9)	35.7%
EBIT	**56.1**	**56.5**	**0.7%**
EBITDA	**89.0**	**92.2**	**3.6%**
Income /(expenses) from participations and investments	(1.3)	0.9	n.m.
Gain/(loss) from assets disposal, impairment and write-off	(1.8)	(1.0)	(44.4)%
Interest and similar expenses	(34.1)	(27.2)	(20.2)%
Interest and related income	6.2	3.6	(41.9)%
Exchange differences	(3.0)	(4.2)	40.0%
Profit/(loss) equity method consolidation	(1.8)	(2.0)	11.1%
Operating profit/loss before tax from continuing operations	**20.3**	**26.6**	**31.0%**
Less taxes:	**(15.3)**	**(17.5)**	**14.4%**
Net profit/(loss) from continuing operations (a)	**5.0**	**9.1**	**82.0%**
Net Profit/(loss) from discontinued operations (b)	**34.6**	**(12.1)**	**n.m.**
Net Profit/(loss) (continuing and discontinued operations) (a) + (b)	**39.6**	**(3.0)**	**n.m.**
Other comprehensive income after tax			
Defined benefit plans revaluation	0.3	0.0	n.m.
Valuation of available for sale financial instruments	(1.3)	0.1	n.m
Derivatives valuation	(0.1)	0.1	n.m.
Exchange differences on translating foreign operations	(1.3)	(1.4)	7.7%
Share of exchange differences on translating foreign operations of associates and joint ventures	(2.7)	(8.2)	203.7%
Other comprehensive income/(expense) after taxes	**(5.1)**	**(9.4)**	**84.3%**
Total comprehensive income/(expense) after taxes	**34.5**	**(12.4)**	**n.m.**

The following table sets forth our reconciliation of EBITDA to operating profit before tax for the periods indicated:

	Six Months ended June 30,	
	2016	2017
	(unaudited) (€ in millions)	
Operating profit/loss before tax	**20.3**	**26.6**
Profit/(loss) equity method consolidation	1.8	2.0
Exchange differences	3.0	4.2
Interest and related income	(6.2)	(3.6)
Interest and similar expenses	34.1	27.2
Income / (expenses) from participations and investments	1.3	(0.9)
Gain/(loss) from assets disposal, impairment and write-off	1.8	1.0

EBIT	**56.1**	**56.5**
Depreciation and amortization	32.9	35.7
EBITDA	**89.0**	**92.2**

See "Summary—Summary Consolidated Financial Information—Other Financial Data."

Sales Overview

Total revenue increased by €96.3 million, or 15.1%, from €636.9 million in the six months ended June 30, 2016 to €733.2 million in the six months ended June 30, 2017. This increase was mainly driven by increased revenue in our licensed operations segment.

On a constant currency basis, net of the negative foreign currency translation effects of €17.6 million, total revenue increased by €113.9 million or 17.9%, from €636.9 million in the six months ended June 30, 2016 to €750.8 million in the six months ended June 30, 2017.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the six month periods ended June 30, 2016 and 2017.

	Six months ended June 30,		
	2016	2017	% change
	(unaudited) (€ in millions)		
Technology and support services	111.1	110.1	(0.9)%
Management contracts	59.6	54.8	(8.1)%
Licensed operations	466.2	568.3	21.9%
Total	**636.9**	**733.2**	**15.1%**

Revenue from technology and support services decreased from €111.1 million in the six months ended June 30, 2016 to €110.1 million in the six months ended June 30, 2017, a decrease of €1.0 million, or 0.9%. This decrease was mainly due to our U.S. operations revenue contraction as result of the record Powerball jackpot in 2016 and the sale of Multi-Purpose Quick Keno terminals (MPQKs) in the Ohio Lottery in the second quarter of 2016 (€−15.3 million). This decrease was offset by our new contract in Chile with revenues of €3.1 million, the revenue increases in Argentina (€2.5 million), the Netherlands (€1.5 million) and Ireland (€0.5 million equipment sales driven), the increased revenues of INTRALOT SA (€1.5 million primarily due to the positive effect of our contracts in Kenya and Peru following recent M&A transactions), and INTRALOT Gaming Services Pty Ltd (€0.4 million). Additionally, there is the positive effect of €4.7 million due to the reclassification of INTRALOT Australia from "Licensed operations" to "Technology and support services" from the first quarter of 2017 onwards (a revenue which includes an approximately €4 million sale of a software license right).

Revenue in our management contracts activity line decreased from €59.6 million in the six months ended June 30, 2016 to €54.8 million in the six months ended June 30, 2017, a decrease of €4.8 million, or 8.1%. This decrease was mainly due to the revenue decreases in Turkey (€4.3 million) and Russia (€1.0 million), offset by a revenue increase in Morocco of (€0.5 million).

Revenue in our licensed operations activity line increased from €466.2 million in the six months ended June 30, 2016 to €568.3 million in the six months ended June 30, 2017, an increase of €102.1 million, or 21.9%. This increase is due to revenue increases in Bulgaria (€28.3 million, mainly due to Eurobet's consolidation after July 2016), Poland (€11.2 million-following the recent regulatory changes), Azerbaijan (€26.8 million which reflects the currency devaluation in Azerbaijan), and Jamaica (€33.4 million as a result of the improved performance of its Numerical games portfolio).

Gross Profit

The Gross profit margin decreased from 18.7% in the six months period ended June 30, 2016 to 17.3% in the six months period ended June 30, 2017, negatively affected primarily by the top line contract type mix change (the first half of 2016 had a larger B2B/B2G contribution of 26.8% in comparison to 22.5% in the first half of 2017) compared to last year. In more detail, the Gross profit margin deficit is mainly driven by the payout uplift (which decreased 3.8 percentage points due to increased payout ratio in Jamaica, Azerbaijan, and Poland in part offset by reduced payout rates in Bulgaria and increasing B2C contract type contribution) partially offset by the containment of the other cost of sale items which increased 2.3 percentage points (which are less sensitive to revenue uplift) and marginally contained tax and agent commission costs which increased 0.1 percentage points. Overall, Gross Profit increased by €7.8 million (6.5%) in the first half of 2017 to €127.0 million compared to levels in the first half of 2016. Adjusting for Eurobet and the Chilean contract, Gross Profit increased by €2.7 million (2.3%).

Other Operating Income

Other operating income decreased from €10.2 million in the six months period ended June 30, 2016 to €8.8 million in the six months period ended June 30, 2017, a decrease of €1.4 million, or 13.7%. This decrease was due to a provision reversal related to the positive outcome of a litigation case about stamp duty in Turkey, as well as the higher reversals of doubtful provisions in the six months period ended June 30, 2016.

Selling Expenses

Selling expenses increased from €27.4 million in the six months period ended June 30, 2016 to €29.4 million in the six months period ended June 30, 2017, an increase of €2.0 million, or 7.3%. This increase was primarily due to higher advertising costs in Turkey associated with a marketing campaign designed to increase revenue.

Administrative Expenses

Administrative expenses increased from €41.8 million in the six months period ended June 30, 2016 to €45.3 million in the six months period ended June 30, 2017, an increase of €3.5 million, or 8.4%. This increase was primarily due to higher costs in USA, as well as in Jamaica due to commencing operations on a new horseracing project in March 2017.

Research and Development Expenses

Research and development expenses remained unchanged at €2.7 million from the six months period ended June 30, 2016 to the six months period ended June 30, 2017.

Other Operating Expenses

Other operating expenses increased from €1.4 million in the six months period ended June 30, 2016 to €1.9 million in the six months period ended June 30, 2017, an increase of €0.5 million, or 35.7%. This increase was primarily due to the launch of new operations in Chile in 2017 in connection with a new technology contract.

EBITDA

As a result of the above, EBITDA increased from €89.0 million in the six months period ended June 30, 2016 to €92.2 million in the six months period ended June 30, 2017, an increase of €3.2 million, or 3.6%. EBITDA margin decreased from 14.0% in the six months period ended June 30, 2016 to 12.6% in the six months period ended June 30, 2017, as a result of the contract type mix change and last year's Powerball effect and the effect of the selling MPQK terminals to the Ohio Lottery.

On a constant currency basis, net of the negative foreign currency translation effects of €4.0 million, EBITDA increased by €7.2 million or 8.1%, from €89.0 million in the six months ended June 30, 2016 to €96.2 million in the six months ended June 30, 2017.

Income/(expenses) from participations and investments

Income/(expenses) on participations and investments from an expense of €1.3 million in the six months ended June 30, 2016 to income of €0.9 million in the six months period ended June 30, 2017, an improvement of €2.2 million. This improvement was primarily due to the absence of losses from certain bond buybacks in the six months period ended June 30, 2016.

Gain/(loss) from assets disposal, impairment and write-off

Loss from assets disposal, impairment and write-off improved from a loss of €1.8 million in the six months ended June 30, 2016 to a loss of €1.0 million in the six months ended June 30, 2017, an improvement of €0.8 million. This improvement was primarily due to the lack of one-off losses from land disposal in Bulgaria in the six months period ended June 30, 2016, but was partially set-off by higher impairment losses in Moldova in the six months period ended June 30, 2017.

Interest and Similar Expenses

Interest and similar expenses decreased from €34.1 million in the six months period ended June 30, 2016 to €27.2 million in the six months period ended June 30, 2017, a decrease of €6.9 million, or 20.2%. This decrease was primarily due to lower interest expenses following the refinancing of the 2018 Notes during the second half of 2016 as well as to lower costs from letters of guarantees in the six months period ended June 30, 2017.

Interest and Related Income

Interest and related income decreased from €6.2 million in the six months period ended June 30, 2016 to €3.6 million in the six months period ended June 30, 2017, a decrease of €2.6 million, or 41.9%, due to lower interest income on bank deposits in the six months period ended June 30, 2017.

Profit/(loss) from equity method consolidations

In the six months ended June 30, 2016, we had a net loss from equity method consolidations of €1.8 million compared to a net loss of €2.0 million in the six months period ended June 30, 2017, mainly derived from of our associate companies in Asia.

Operating Profit before Tax

Operating profit before tax increased from €20.3 million in the six months period ended June 30, 2016 to €26.6 million in the six months period ended June 30, 2017, an increase of €6.3 million, or 31.0%, as a result of the above and due to exchange differences from a loss of €3.0 million in the six months period ended June 30, 2016 to a loss of €4.2 million in the six months period ended June 30, 2017 and increased depreciation and amortization by €2.8 million.

Taxes

Taxes increased from €15.3 million in the six months period ended June 30, 2016 to €17.5 million in the six months period ended June 30, 2017, an increase of €2.2 million, or 14.4%. This increase was primarily due to the higher taxable profits in Azerbaijan and Australia in the six months period ended June 30, 2017.

Net Profit/(loss) from continuing operations (a)

As a result of the above, net profit/loss from continuing operations increased from a profit of €5.0 million in the six months period ended June 30, 2016 to a profit of €9.1 million in the six months ended June 30, 2017, an increase of €4.1 million, or 82.0%.

Net Profit/(loss) from Discontinued Operations (b)

Net profit/(loss) from discontinued operations in Italy, Peru and Russia decreased from a profit of €34.6 million in the six months period ended June 30, 2016 to a loss of €12.1 million in the six months ended June 30, 2017, a decrease of €46.7 million, primarily due to gains from corporate disposals made in 2016.

Net Profit/(loss) from Continuing and Discontinued Operations (a) & (b)

As a result of the above, net income from total operations (continuing and discontinued) decreased from a profit of €39.6 million in the six months period ended June 30, 2016 to a loss of €3.0 million in the six months period ended June 30, 2017, a decrease of €42.6 million.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, total operations net income attributable to the owners of the parent decreased from a profit of €19.4 million in the six months period ended June 30, 2016 to a loss of €25.8 million in the six months period ended June 30, 2017, a decrease of €45.2 million.

Net income from continuing operations attributable to the owners of the parent improved from a loss of €15.2 million in the six months period ended June 30, 2016 to a loss of €13.7 million in the six months period ended June 30, 2017, an improvement of €1.5 million.

Comparison of the Year Ended December 31, 2015 with the Year Ended December 31, 2016

Overview

The following table sets forth our operating results for the years ended December 31, 2015 and 2016 on a continuing operations basis. In accordance with IFRS, we have classified our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations in our audited consolidated financial statements for the year ended December 31, 2016. The results of operations for the year ended December 31, 2015, as presented below, that were included in our audited consolidated financial statements for the year ended December 31, 2016 have been adjusted to present our Italian operations, the operations of Intralot Peru and the betting operations in Russia as discontinued operations.

	Year ended December 31,		
	2015	2016	% change
	(€ in millions)		
Income Statement Information:			
Revenue	1,235.5	1,323.6	7.1%
Less: Cost of sales	(1,001.8)	(1,090.5)	8.9%
Gross profit	**233.7**	**233.1**	**(0.3)%**
Other operating income	23.1	33.1	43.3%
Selling expenses	(56.5)	(56.3)	(0.4)%
Administrative expenses	(89.7)	(87.4)	(2.6)%
Research and development expenses	(6.1)	(4.7)	(23.0)%
Other operating expenses	(5.2)	(9.9)	90.4%
EBIT	**99.3**	**107.9**	**8.7%**
EBITDA	**164.9**	**175.8**	**6.6%**
Income/(expenses) from participations and investments	(0.2)	(17.5)	n.m.
Gain/(loss) from assets disposal, impairment and write-off	(0.7)	(8.5)	n.m.
Interest and similar expenses	(67.8)	(87.5)	29.1%
Interest and related income	17.9	11.8	(34.1)%
Exchange differences	3.5	3.1	(11.4)%
Profit/(loss) equity method consolidation	(4.1)	(4.5)	9.8%
Operating profit/loss before tax	**47.9**	**4.8**	**(90.0)%**
Less taxes:	(45.1)	(32.6)	(27.7)%
Net profit/(loss) from continuing operations (a)	**2.8**	**(27.8)**	**n.m.**
Net profit/(loss) from Discontinued Operations (b)	(23.5)	72.7	n.m.
Net profit/(loss) after taxes (continuing and discontinued operations) (a)+(b)	**(20.7)**	**44.9**	**n.m.**
Other comprehensive income after tax			
Defined benefit plans revaluation	0.0	0.1	n.m.
Valuation of available for sale financial instruments	(1.7)	(3.0)	76.5%
Derivatives valuation	0.0	0.0	n.m.
Exchange differences on translating foreign operations of subsidiaries	(13.6)	(8.4)	(38.2)%
Share of exchange differences on translating foreign operations of associates and joint ventures	8.2	2.5	(69.5)%
Other comprehensive income/(expense) after tax	**(7.1)**	**(8.8)**	**23.9%**
Total comprehensive income/(expense) after tax	**(27.8)**	**36.1**	**n.m.**

The following table sets forth our reconciliation of EBITDA to operating profit for the periods indicated:

	Year ended December 31,	
	2015	2016
	(€ in millions)	
Operating profit/loss before tax	**47.9**	**4.8**
Profit/(loss) equity method consolidation	4.1	4.5
Exchange differences	(3.5)	(3.1)
Interest and related income	(17.9)	(11.8)
Interest and similar expenses	67.8	87.5
Income/(expenses) from participations and investments	0.2	17.5
Gain/(loss) from assets disposal, impairment and write-off	0.7	8.5
EBIT	**99.3**	**107.9**

Depreciation and amortization	65.6	67.9
EBITDA	**164.9**	**175.8**

See “Summary—Summary Consolidated Financial Information—Other Financial Data.”

Sales Overview

Total revenue increased from €1,235.5 million in the year ended December 31, 2015 to €1,323.6 million in the year ended December 31, 2016, an increase of €88.1 million, or 7.1%. This increase was driven by increased revenue in all our business activities.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the years ended December 31, 2015 and 2016.

	Year ended December 31,		
	2015	**2016**	**% change**
	(€ in millions)		
Technology and support services	196.3	213.3	8.7%
Management contracts	98.9	115.7	17.1%
Licensed operations	940.3	994.6	5.8%
Total	**1,235.5**	**1,323.6**	**7.1%**

Revenue in our technology and support services activity line increased from €196.3 million in the year ended December 31, 2015 to €213.3 million in the year ended December 31, 2016, an increase of €17.0 million, or 8.7%. This increase was primarily due to an increase in our revenues in the United States of €21.6 million (positively affected by the sale of MPQKs in Ohio in the first half of 2016 and the largest Powerball jackpot in U.S. history) and an increase in Australia of €6.1 million from our monitoring services in Victoria (Pre-Commitment System successful launch in December of 2015), which was partially offset by €4.1 million lower revenues in Argentina (where the local currency suffered severe devaluations), €3.5 million lower revenues in Malaysia (due to one-off IT sales in the first half of 2015) and €3.9 million lower revenues from the Hellenic Lotteries (due to one-off sales of equipment in the first half of 2015).

Revenue in our management contracts activity line increased from €98.9 million in the year ended December 31, 2015 to €115.7 million, an increase of €16.8 million, or 17.1%, in the year ended December 31, 2016. This increase was primarily due to an increase in revenues of €14.7 million in Turkey (positively affected by the UEFA EURO 2016 Championship and the growth of the electronic agents market) and increased revenues of €2.9 million in Morocco (also positively affected by the UEFA EURO 2016 Championship).

Revenue in our licensed operations activity line increased from €940.3 million in the year ended December 31, 2015 to €994.6 million in the year ended December 31, 2016, an increase of €54.3 million, or 5.8%. The sales uplift was primarily due to an increase in our revenues in Bulgaria in part due to revenues from our existing business, which were positively affected by the increased payout and the launch of a new virtual football game in August of 2015 and which had full year effect in 2016 (€108.6 million) and in part due to Eurobet’s consolidation after becoming a Group subsidiary in the second half of 2016 (€27.8 million). Sales were further augmented by better top line performance in Malta and Poland of €8.4 million and €4.5 million, respectively. The sales uplift was partially offset by lower revenues of €57.3 million in Azerbaijan (where the local currency suffered severe devaluations), lower revenues of €16.0 million in Argentina (mainly due to a negative foreign exchange impact), lower revenues of €13.9 million in Jamaica (due to adverse macroeconomic conditions) and softer sales of €2.1 million in Brazil (negatively affected by the economic conditions in the country).

Gross Profit

The gross profit margin fell to 17.6% in the year ended December 31, 2016 from 18.9% in the year ended December 31, 2015, negatively affected by margin contractions in Bulgaria, Jamaica and Malta (due to higher payouts), with margin expansions in the US, and the Netherlands partially mitigating the gross profit margin shortfall. Overall, gross profit decreased slightly from 2015 levels by 0.3%. The payout ratio in the year ended December 31, 2016 increased by 3.5 percentage points compared to the payout ratio in the year ended December 31, 2015.

Other Operating Income

Other operating income increased from €23.1 million in the year ended December 31, 2015 to €33.1 million in the year ended December 31, 2016, an increase of €10.0 million, or 43.3%. This increase was due to the successful lawsuit settlement with Victoria State in Australia in the fourth quarter of 2016, as well as the improved operations in Turkey and the growth in instant ticket services of our U.S. operations.

Selling Expenses

Selling expenses decreased from €56.5 million in the year ended December 31, 2015 to €56.3 million in the year ended December 31, 2016, a decrease of €0.2 million, or 0.4%. This decrease was primarily due to lower advertising costs in Azerbaijan partially offset by higher spending in Turkey.

Administrative Expenses

Administrative expenses decreased from €89.7 million in the year ended December 31, 2015 to €87.4 million in the year ended December 31, 2016, a decrease of €2.3 million, or 2.6%. This decrease was primarily due to lower costs in Jamaica, Greece and Australia due to efficiency improvements.

Research and Development Expenses

Research and development expenses decreased from €6.1 million in the year ended December 31, 2015 to €4.7 million in the year ended December 31, 2016, a decrease of €1.4 million, or 23.0%. This decrease was primarily due to lower administrative R&D expenses in Greece.

Other Operating Expenses

Other operating expenses increased from €5.2 million in the year ended December 31, 2015 to €9.9 million in the year ended December 31, 2016, an increase of €4.7 million, or 90.4%. This increase was primarily due to higher provisions and write-offs for doubtful receivables in the year ended December 31, 2016.

EBITDA

As a result of the above, EBITDA increased from €164.9 million in the year ended December 31, 2015 to €175.8 million in the year ended December 31, 2016, an increase of €10.9 million, or 6.6%. EBITDA margin remained relatively unchanged in 2016.

On a constant currency basis, net of the negative foreign currency translation effects of €23.0 million, EBITDA increased from € 164.9 million in the year ended December 31, 2015 to € 198.8 million in the year ended December 31, 2016, an increase of €33.9 million or 20.6%.

Income/(expenses) from participations and investments

Income / (expenses) on participations and investments increased from expenses of €0.2 million in the year ended December 31, 2015 to expenses of €17.5 million in the year ended December 31, 2016, an increase of €17.3 million. This increase was primarily due to lower dividends income and higher impairment losses for investments in associates and joint ventures as well as higher net loss from sale of participations and securities in the year ended December 31, 2016.

Gain/(loss) from assets disposal, impairment and write-off

Gain/(loss) from assets disposal, impairment and write-off increased from a loss €0.7 million in the year ended December 31, 2015 to a loss €8.5 million in the year ended December 31, 2016, an increase of €7.8 million. This increase was primarily due to the higher impairment losses in the year ended December 31, 2016, including the one-off loss from the asset sale in Bulgaria, as compared to the one-off gain from assets sale in Australia in the year ended December 31, 2015.

Interest and Similar Expenses

Interest and similar expenses increased from €67.8 million in the year ended December 31, 2015 to €87.5 million in the year ended December 31, 2016, an increase of €19.7 million, or 29.1%. This increase was primarily due to 2018 Notes and Revolving Facility refinancing costs of approximately €22.0 million (consisting of approximately €15.5 million for the call premium and double interest associated with the 2018 Notes and approximately €6.5 million for accelerated and new issue costs charges of 2018 Notes and refinanced Revolving Facility), which was partially offset by savings from bond buybacks.

Interest and Related Income

Interest and related income decreased from €17.9 million in the year ended December 31, 2015 to €11.8 million in the year ended December 31, 2016, a decrease of €6.1 million, or 34.1%, due to lower interest income on bank deposits in the year ended December 31, 2016.

Profit/(loss) from equity method consolidations

A net loss from equity method consolidations suffered an increase from €4.1 million in the year ended December 31, 2015, to a net loss of €4.5 million in the year ended December 31, 2016, mainly due to our associate companies in Asia and Peru.

Operating Profit before Tax

Operating profit before tax decreased from a profit of €47.9 million in the year ended December 31, 2015 to a profit of €4.8 million in the year ended December 31, 2016, a decrease of €43.1 million, or 90.0%, as a result of the above and due to exchange differences from a gain of €3.5 million in the year ended December 31, 2015 to a gain of €3.1 million in the year ended December 31, 2016 and increased depreciation and amortization by €2.3 million.

Taxes

Taxes decreased from €45.1 million in the year ended December 31, 2015 to €32.6 million in the year ended December 31, 2016, a decrease of €12.5 million, or 27.7%. This decrease was primarily due to the lower taxable profits in Azerbaijan, Turkey and Argentina in the year ended December 31, 2016 as well as to one-off income tax charges in Romania and Luxembourg in the year ended December 31, 2015.

Net Profit/(Loss) from Continuing Operations

As a result of the above, net profit/loss from continuing operations decreased from a profit of €2.8 million in the year ended December 31, 2015 to a loss of €27.8 million, a decrease of €30.6 million in the year ended December 31, 2016.

Net Profit/(Loss) from Discontinued Operations

Net profit/(loss) from discontinued operations in Italy, Peru and Russia increased from a loss of €23.5 million in the year ended December 31, 2015 to a profit of €72.7 million in the year ended December 31, 2016, an increase of €96.2 million. This increase was due to several non-recurring items in the year ended December 31, 2016 , including a gain of €45.2 million from Italian operations merger and a net gain of €51.7 million from the disposal of Intralot de Peru S.A.C., and was offset by a loss of €14.5 million from licenses and software impairment held by Favorit Bookmakers Office OOO due to the Intralot Group's definitive decision to discontinue its sports betting activities in Russia.

Net Profit/(Loss) from Continuing and Discontinued Operations

As a result of the above, net income from total operations (continuing and discontinued) increased from a loss of €20.7 million in the year ended December 31, 2015 to a profit of €44.9 million in the year ended December 31, 2016, an increase of €65.6 million.

Net Income Attributable to Owners of the Parent

After deducting non-controlling interests, net income attributable to the owners of the parent increased from a loss of €65.1 million in the year ended December 31, 2015 to a profit of €0.9 million in the year ended December 31, 2016, an increase of €66.0 million.

Comparison of the Year Ended December 31, 2014 with the Year Ended December 31, 2015

Overview

The following table sets forth our operating results for the years ended December 31, 2014 and 2015 on a total operations basis (continuing and discontinued).

	Year ended December 31,		
	2014	2015	% change
	(€ in millions)		
Income Statement Information:			
Revenue	1,853.1	1,914.9	3.3%
Less: Cost of sales	(1,582.9)	(1,653.3)	4.4%
Gross profit	**270.2**	**261.6**	**(3.2)%**
Other operating income	18.6	24.9	33.9%
Selling expenses	(60.3)	(66.4)	10.1%
Administrative expenses	(119.9)	(125.0)	4.3%
Research and development expenses	(7.2)	(6.1)	(15.3)%
Other operating expenses	(13.3)	(10.0)	(24.8)%
EBIT	**88.1**	**79.0**	**(10.3)%**
EBITDA	**175.4**	**177.2**	**1.0%**
Income/(expenses) from participations and investments	0.0	(0.2)	n.m.
Gain/(loss) from assets disposal, impairment and write-off	(1.5)	(2.0)	33.3%
Interest and similar expenses	(70.8)	(68.6)	(3.1)%
Interest and related income	12.5	18.0	44.0%
Exchange differences	10.6	3.6	(66.0)%
Profit/(loss) equity method consolidation	(2.3)	(4.1)	78.3%
Operating profit/loss before tax	**36.6**	**25.7**	**(29.8)%**
Less taxes:	(44.2)	(46.4)	5.0%
Net profit/loss from continuing operations	**(7.6)**	**(20.7)**	**n.m.**
Other comprehensive income after tax			
Valuation of available for sale financial instruments	(3.2)	(1.7)	(46.9)%
Derivatives valuation	0.4	0.0	n.m.
Exchange differences on translating foreign operations of subsidiaries	(0.9)	(13.6)	n.m.
Share of exchange differences on translating foreign operations of associates and joint ventures	9.3	8.2	(11.8)%
Other comprehensive income/(expense) after tax	**5.6**	**(7.1)**	**n.m.**
Total comprehensive income/(expense) after tax	**(2.0)**	**(27.8)**	**n.m.**

The following table sets forth our reconciliation of EBITDA to operating profit for the periods indicated:

	Year ended December 31,	
	2014	2015
	(€ in millions)	
Operating profit/loss before tax	**36.6**	**25.7**
Profit/(loss) equity method consolidation	2.3	4.1
Exchange differences	(10.6)	(3.6)
Interest and related income	(12.5)	(18.0)
Interest and similar expenses	70.8	68.6
Income/(expenses) from participations and investments	0.0	0.2
Gain/(loss) from assets disposal, impairment and write-off	1.5	2.0
EBIT	**88.1**	**79.0**
Depreciation and amortization	87.3	98.2
EBITDA	**175.4**	**177.2**

See "Summary—Summary Consolidated Financial Information—Other Financial Data."

Sales Overview

Total revenue increased from €1,853.1 million in the year ended December 31, 2014 to €1,914.9 million in the year ended December 31, 2015, an increase of €61.8 million, or 3.3%. This increase was primarily due to growth in our licensed operations business activity, partially offset by a reduction in sales in our technology and support services and management contracts business activities.

Revenue by Business Activity

The following table sets forth our revenue for each business activity for the years ended December 31, 2014 and 2015.

	Year ended December 31, 2014	Year ended December 31, 2015	% change
	(€ in millions)		
Technology and support services	209.8	204.3	(2.7)%
Management contracts	138.3	131.4	(5.0)%
Licensed operations	1,505.0	1,579.2	4.9%
Total	**1,853.1**	**1,914.9**	**3.3%**

Revenue in our technology and support services line decreased from €209.8 million in the year ended December 31, 2014 to €204.3 million in the year ended December 31, 2015, a decrease of €5.5 million, or 2.7%. This decrease was primarily due to a decrease in our revenues from OPAP in Greece due to the renegotiation of the relevant contract (effective from April 1, 2014) and reflects the impact of the relevant Romanian contract that expired on December 31, 2014.

Revenue in our management contracts activity line decreased from €138.3 million in the year ended December 31, 2014 to €131.4 million in the year ended December 31, 2015, a decrease of €6.9 million, or 5.0%. This decrease was primarily due to a decrease of €10.0 million in our revenues from Romania in the year ended December 31, 2015 compared to the corresponding period in 2014 due to gradual fall-off of the relevant contracts in the country.

Revenue in our licensed operations activity line increased from €1,505.0 million in the year ended December 31, 2014 to €1,579.2 million in the year ended December 31, 2015, an increase of €74.2 million, or 4.9%. This increase was primarily due to:

- a revenue increase of €58.1 million in Jamaica, mainly due to the growth in lottery revenues and the positive contribution of two new numerical games;
- a revenue increase of €35.4 million in Italy, primarily due to the positive performance of our AWP operations, a market that we entered in April 2013;
- a revenue increase of €25.9 million in Argentina, primarily due to higher sales in the Salta province as a result of an increase in POS and the launch of an additional game, as well as favorable exchange rates;
- a revenue increase of €17.6 million in Peru, mainly due to the on-going growth of sports betting games in this market;

Partially offset by a revenue decrease of €28.8 million in Australia, following the sale of our lottery assets in the State of Victoria in February 2015 and a revenue decrease of €46.2 million in Azerbaijan, primarily due to the absence of exceptional revenues generated by the World Cup in 2014, as well as negative foreign exchange rate impact.

Cost of Sales

Cost of sales increased from €1,582.9 million in the year ended December 31, 2014 to €1,653.3 million in the year ended December 31, 2015, an increase of €70.4 million, or 4.4%. This increase was primarily due to an increase in payout amounts.

Gross Profit

Gross profit decreased from €270.2 million in the year ended December 31, 2014 to €261.6 million in the year ended December 31, 2015, a decrease of €8.6 million, or 3.2%, mainly due to the renegotiation of the OPAP contract (effective from April 1, 2014), the expiration of our contracts in Romania in 2014 and an increase in payout amounts in 2015. Gross profit margin decreased from 14.6% in the year ended December 31, 2014 to 13.6% in the year ended December 31, 2015.

Other Operating Income

Other operating income increased from €18.6 million in the year ended December 31, 2014 to €24.9 million in the year ended December 31, 2015, an increase of €6.3 million, or 33.9%. This increase was primarily due to the growth of the instant ticket services in the U.S.

Selling Expenses

Selling expenses increased from €60.3 million in the year ended December 31, 2014 to €66.4 million in the year ended December 31, 2015, an increase of €6.1 million, or 10.1%. This increase was primarily due to higher investment in selling and marketing initiatives to support the growth in revenue, particularly in the online sport betting operations in Turkey.

Administrative Expenses

Administrative expenses increased from €119.9 million in the year ended December 31, 2014 to €125.0 million in the year ended December 31, 2015, an increase of €5.1 million, or 4.3%. This increase was primarily driven by expenses associated with new contracts in the U.S. (in particular, Wyoming, Ohio and Georgia).

Research and Development Expenses

Research and development expenses decreased from €7.2 million in the year ended December 31, 2014 to €6.1 million in the year ended December 31, 2015, a decrease of €1.1 million, or 15.3%.

Other Operating Expenses

Other operating expenses decreased from €13.3 million in the year ended December 31, 2014 to €10.0 million in the year ended December 31, 2015, a decrease of €3.3 million, or 24.8%. This decrease was primarily due to the higher provisions and write-offs for doubtful receivables in the year ended December 31, 2014 as compared to the year ended December 31, 2015, partially offset by provisions for onerous contracts in the year ended December 31, 2015.

EBITDA

As a result of the above, EBITDA increased from €175.4 million in the year ended December 31, 2014 to €177.2 million in the year ended December 31, 2015, an increase of €1.8 million, or 1.0%. EBITDA margin decreased from 9.5% in the year ended December 31, 2014 to 9.3% in the year ended December 31, 2015.

Income / (expenses) from participations and investments

Expenses from participations and investments increased from income of €0.0 million in the year ended December 31, 2014 to expenses of €0.2 million in the year ended December 31, 2015, an increase of €0.2 million. This slight increase was primarily due to higher net loss from sale of participations and securities, partially offset by higher dividend income in the year ended December 31, 2015.

Gain/(loss) from assets disposal, impairment and write-off

Loss from assets disposal, impairment and write-off increased from €1.5 million in the year ended December 31, 2014 to €2.0 million in the year ended December 31, 2015, an increase of €0.5 million, or 33.3%. This increase was primarily due to the higher impairment loss in the year ended December 31, 2015, partially offset by the gain from the sale of assets in Australia in the same period.

Interest and Similar Expenses

Interest and similar expenses decreased from €70.8 million in the year ended December 31, 2014 to €68.6 million in the year ended December 31, 2015, a decrease of €2.2 million, or 3.1%. This decrease was primarily due to savings in interest expense from bond buybacks and lower finance costs as a result of renegotiating letters of guarantee.

Interest and Related Income

Interest and related income increased from €12.5 million in the year ended December 31, 2014 to €18.0 million in the year ended December 31, 2015, an increase of €5.5 million, or 44.0%, due to higher interest income on bank deposits in the year ended December 31, 2015, as well as by higher default interest income from the settlement of our claims against ODIE (as described in note 2.32.A.q to our audited consolidated financial statements as of and for the year ended December 31, 2015) in the same period.

Profit/(loss) from equity method consolidations

In the year ended December 31, 2015, we had a loss from equity method consolidations of €4.1 million, as compared to a loss of €2.3 million in the year ended December 31, 2014, mainly derived from our associate companies in Asia.

Operating Profit before Tax

Operating profit before tax decreased from €36.6 million in the year ended December 31, 2014 to €25.7 million in the year ended December 31, 2015, a decrease of €10.9 million, or 29.8%. As a result of the above as well as a €10.9 million increase in depreciation and amortization and a €7.0 million decrease in loss from exchange differences in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Taxes

Taxes increased from €44.2 million in the year ended December 31, 2014 to €46.4 million in the year ended December 31, 2015, an increase of €2.2 million, or 5.0%. This decrease was primarily attributable to the higher taxable profit in the year ended December 31, 2015 as compared to the prior year.

Net Profit/(Loss)

As a result of the above, net loss increased from a loss of €7.6 million in the year ended December 31, 2014 to a loss of €20.7 million in the year ended December 31, 2015, an increase of €13.1 million.

Net Loss Attributable to Owners of the Parent

After deducting minority interests, net loss attributable to the owners of the parent increased from loss of €49.5 million in the year ended December 31, 2014 to loss of €65.1 million in the year ended December 31, 2015, an increase of €15.6 million.

Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditure, debt service obligations, other commitments and contractual obligations. Our principal sources of financing are the following:

- our operating cash flow (including net changes in working capital);
- borrowings under the Syndicated Facilities; and
- bank loans within individual subsidiaries.

Our cash requirements consist mainly of the following:

- debt servicing requirements; and
- funding capital expenditures.

To a lesser extent, we require cash to fund research and development and for working capital purposes.

Our indebtedness primarily consists of financial debt incurred in borrowing money. As of June 30, 2017, we had €97.5 million of undrawn and committed credit facilities, €70.3 million for letter of guarantees and a further €1.0 million of uncommitted lines. As at June 30, 2017, we had cash in the amount of €147.2 million and net debt of €516.8 million (net debt is calculated by deducting cash and cash equivalents from total debt).

Cash Management

Our liquidity and cash management policy is managed through a combination of upstreaming dividends (where tax efficient), intercompany loans and management contracts, and is based on our group treasury policy. Although we operate in 52 jurisdictions globally (not including non-active contracts), which have a diverse range of regulations in relation to cash management, we have historically been able to move cash from our subsidiaries to the Company effectively and efficiently. We believe that we are able to extract cash from all of the jurisdictions in which we operate, depending on the method we use and on short-term time constraints. In a number of these jurisdictions we are able to transfer cash on demand from an operating subsidiary to the next immediate holding company, either through dividends, management fees or intercompany loans. In other jurisdictions, we are bound by corporate governance laws that regulate the timing or frequency of dividends. In some jurisdictions that ostensibly impose restrictions on capital movements, we find that regulations typically allow for cash to be extracted under certain conditions.

We operate through a combination of wholly-, majority- and minority-owned subsidiaries. In all of these subsidiaries, we have the ability to require the declaration of dividends, either due to our voting power, or through shareholder agreements that enable us to mandate such declaration up to the maximum permissible under local laws. We may choose not to require the declaration of a dividend due to tax considerations or because the cash is intended for local investments.

Apart from certain select jurisdictions where a strategic decision has been made to maintain a cash balance for investments or other corporate purposes, we aim to maintain limited cash balances at our subsidiaries.

In all of our subsidiaries, and in particular those subsidiaries that are not wholly-owned, we also provide management or technology and support services that allow us to enhance our return beyond our direct equity returns. In these situations, our service contracts enable us to extract cash as a supplier.

The Refinancing

We intend to use the net proceeds of the offering of the Notes (i) to fully redeem the May 2021 Notes, (ii) to fully repay the Syndicated Facilities, (iii) to repay related fees and expenses, and (iv) for general corporate purposes. See "Use of Proceeds" and "Capitalization."

Liquidity Following the Refinancing

Following completion of the offering, we expect our primary sources of liquidity will consist of the following:

- our operating cash flow;

- undrawn amounts under the Revolving Facility and the Standby Revolving Facility; and
- bank loans within individual subsidiaries.

Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed under "Risk Factors."

We believe that the cash generated from our operations, the proceeds from the offering of the Notes, capacity under the Revolving Facility as well as our other bilateral loans will be sufficient to meet our liquidity requirements for the next twelve months, although this may not be the case.

Following the offering of the Notes and the application of the proceeds therefrom, we expect our debt service obligations will consist primarily of interest payments on the Notes and the September 2021 Notes and principal and interest payments on amounts drawn under the Revolving Facility.

Net Cash Flows

The summary cash flow statement below sets forth how our cash and cash equivalents changed over the relevant periods indicated by cash inflows and outflows:

	Year ended December 31,			Six months ended June 30,	
	2014	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
		(€ in millions)			
EBITDA	**175.4**	**177.2**	**175.8**	**89.0**	**92.2**
Interest and similar expenses	(70.8)	(68.6)	(87.5)	(34.1)	(27.2)
Interest and related income	12.5	18.0	11.8	6.2	3.6
Exchange differences	10.6	3.6	3.1	(3.0)	(4.2)
Profit/(loss) equity method consolidation	(2.3)	(4.1)	(4.5)	(1.8)	(2.0)
Gain/(loss) from assets disposal, impairment and write-off	(1.5)	(2.0)	(8.5)	(1.8)	(1.0)
Income/(expenses) from participations and investments	0.0	(0.2)	(17.5)	(1.3)	0.9
Depreciation and amortization	(87.3)	(98.2)	(67.9)	(32.9)	(35.7)
Net profit before taxation from continuing operations	**36.6**	**25.7**	**4.8**	**20.3**	**26.6**
Net profit before taxation from discontinued operations	0.0	0.0	84.5	35.6	(12.1)
Net profit before tax from total operations	**36.6**	**25.7**	**89.3**	**55.9**	**14.5**
Plus/less adjustments for:					
Depreciation and amortization	87.3	98.2	86.9	49.8	35.8
Provisions	10.8	9.6	25.4	2.7	2.3
Results from investing activities	(10.5)	(0.2)	(88.9)	(37.2)	16.9
Interest and similar expenses	70.8	68.6	88.8	35.1	27.2
Interest and related income	(12.5)	(18.0)	(12.0)	(6.4)	(3.6)
Plus/Less adjustments of working capital to net cash or related to operating activities:					
Decrease/(increase) of Inventories	(5.2)	1.2	2.8	(0.2)	(4.1)
Decrease/(increase) of Receivable Accounts	14.9	(19.2)	(9.2)	(0.3)	0.2
(Decrease)/increase of Payable Accounts (except Banks)	(10.2)	(23.9)	11.2	1.8	3.7
Less:					
Income tax paid	29.0	28.2	26.2	15.0	15.7
Net Cash from Operating Activities (a)	**153.0**	**113.8**	**168.1**	**86.2**	**77.2**
Investing Activities					
(Purchases)/Sales of subsidiaries, associates, joint ventures and other investments	7.5	(5.3)	4.5	(22.6)	4.5
Purchases of tangible and intangible assets	(67.3)	(70.8)	(65.4)	(28.7)	(41.3)
Proceeds from sales of tangible and intangible assets	0.3	2.1	2.6	2.3	0.1
Interest received	13.6	12.3	7.7	4.7	2.6
Dividends received	1.0	1.9	1.0	1.0	1.8
Net Cash from Investing Activities (b)	**(44.9)**	**(59.8)**	**(49.6)**	**(43.3)**	**(32.3)**
Financing Activities					
Subsidiary share capital return	0.0	0.0	(3.3)	(3.4)	0.0
Purchase of treasury shares	(0.4)	0.0	(1.2)	(0.2)	0.0
Cash inflows from loans	521.2	61.4	303.8	22.1	52.5

Repayment of loans	(255.5)	(58.8)	(388.4)	(35.8)	(53.2)
Bond buy backs	(6.3)	(40.9)	(3.7)	(14.3)	0.0
Repayment of leasing obligations	(12.2)	(11.5)	(6.8)	(5.7)	(0.9)
Interest and similar expenses paid	(66.1)	(64.8)	(83.5)	(31.5)	(25.4)
Dividends paid	(23.7)	(67.7)	(42.2)	(28.0)	(27.5)
Net Cash from Financing Activities (c)	**157.0**	**(182.3)**	**(225.3)**	**(96.8)**	**(54.5)**
Net increase/(decrease) in cash and cash equivalents for the period (a) + (b) + (c)	**265.1**	**(128.3)**	**(106.8)**	**(53.9)**	**(9.6)**
Cash and cash equivalents at the beginning of the period	**143.3**	**416.9**	**276.6**	**276.6**	**164.4**
Net foreign exchange difference	8.5	(12.0)	(5.4)	(3.2)	(7.6)
Cash and cash equivalents at the end of period	**416.9**	**276.6**	**164.4**	**219.5**	**147.2**

Net Cash from Operating Activities

Net cash from operating activities comprises net profit before tax adjusted for working capital, cash taxes as well as certain non-cash items such as provisions and depreciation.

Cash inflows from operating activities decreased from €86.2 million in the six months period ended June 30, 2016 to €77.2 million in the six months period ended June 30, 2017, a decrease of €9.0 million, or 10.4%. This decrease was primarily driven by the following:

- net profit before taxation from total operations (continuing and discontinued) decreased from €55.9 million in the six months period ended June 30, 2016 to €14.5 million in the six months period ended June 30, 2017, a decrease of €41.4 million, or 74.0%, mainly due to a gain (€45.2 million) from disposal of the Italian discontinued operations in 2016, the loss (€11.8 million) from disposal of the Russian discontinued operations in 2017, as well as the improvement of net profit before taxation from continuing operations by €6.3 million;

- depreciation and amortization from total operations decreased from €49.8 million in the six months period ended June 30, 2016 to €35.8 million in the six months period ended June 30, 2017, a decrease of 28.1%, mainly due to discontinued operations whereby our operations in Italy, Peru and Russia were de-consolidated during the second half of 2016;

- the effect of provisions on cash flow was positive €2.7 million in the six months period ended June 30, 2016 and positive €2.3 million in the six months period ended June 30, 2017;

- the effect of results from investing activities on cash flow was negative €37.2 million in the six months period ended June 30, 2016 and positive €16.9 million in the six months period ended June 30, 2017, mainly because of the losses in 2017 and gains in 2016 from disposals of discontinued operations in Italy, Peru and Russia as described above;

- changes in our working capital, which led to a cash outflow of €0.2 million in the six months period ended June 30, 2017, compared with a cash inflow of €1.3 million in the six months period ended June 30, 2016;

- in particular, there was an increase of €4.1 million in inventories in the six months period ended June 30, 2017, compared to an increase of €0.2 million in the six months period ended June 30, 2016, mainly due to new U.S. projects under construction;

- also there was a decrease of €0.2 million in receivables in the six months period ended June 30, 2017, compared to an increase of €0.3 million in the six months period ended June 30, 2016;

- also there was an increase of €3.7 million in payables towards our suppliers in the six months period ended June 30, 2017 compared to an increase of €1.8 million in the six months period ended June 30, 2016, mainly due to new U.S. projects under construction; and

- income tax paid increased from €15.0 million in the six months period ended June 30, 2016 to €15.7 million in the six months period ended June 30, 2017, an increase of 4.6%.

On a pro-forma basis (i.e., excluding the operating cash-flow contribution of our discontinued operations in Italy, Peru and Russia in first half of 2016 (€9.4 million)), there was a slight improvement (€77.2 million vs. €76.8 million pro-forma) in the first half of 2017 driven by the better EBITDA performance in comparison to the first half of 2016.

Cash inflows from operating activities increased from €113.8 million in the year ended December 31, 2015 to €168.1 million in the year ended December 31, 2016, an increase of €54.3 million, or 47.7%. This increase was primarily driven by the following:

- net profit before taxation from total operations (continuing and discontinued) increased from €25.7 million in the year ended December 31, 2015 to €89.3 million in the year ended December 31, 2016, an increase of €63.6 million, or 247.5% as described above;
- depreciation and amortization decreased from €98.2 million in the year ended December 31, 2015 to €86.9 million, a decrease of 11.5% in the year ended December 31, 2016;
- the effect of provisions on cash flow was positive €9.6 million in the year ended December 31, 2015 and positive €25.4 million in the year ended December 31, 2016, including non-recurring loss of €14.5 million from licenses and software impairment held by Favorit Bookmakers Office OOO in Russia;
- the effect of results from investing activities on cash flow was negative €0.2 million in the year ended December 31, 2015 and negative €88.9 million in the year ended December 31, 2016, including non-recurring gain from Italian operations merger amounting to €45.2 million and gross gain of €65.7 million from the disposal of Intralot de Peru S.A.C.;
- changes in our working capital, which led to a cash inflow of €4.8 million in the year ended December 31, 2016, compared with a cash outflow of €41.9 million in the year ended December 31, 2015 which was the result of a working capital normalization process due to payments to suppliers made on various projects in 2015;
- in particular, there was a decrease of €2.8 million in inventories in the year ended December 31, 2016, compared to a decrease of €1.2 million in the year ended December 31, 2015;
- also there was an increase of €9.2 million in receivables in the year ended December 31, 2016, compared to an increase of €19.2 million in the year ended December 31, 2015;
- also there was an increase of €11.2 million in payables towards our suppliers in the year ended December 31, 2016 compared to a decrease of €23.9 million in the year ended December 31, 2015; and
- income tax paid decreased from €28.2 million in the year ended December 31, 2015 to €26.2 million in the year ended December 31, 2016, a decrease of 7.0%.

Cash inflows from operating activities decreased from €153.0 million in the year ended December 31, 2014 to €113.8 million in the year ended December 31, 2015, a decrease of €39.2 million, or 25.6%. This decrease was primarily driven by the following:

- net profit before taxation decreased from €36.6 million in the year ended December 31, 2014 to €25.7 million in the year ended December 31, 2015, a decrease of €10.9 million, or 29.8% as described above;
- depreciation and amortization increased from €87.3 million in the year ended December 31, 2014 to €98.2 million in the year ended December 31, 2015, an increase of 12.5%;
- the effect of provisions on cash flow was positive €10.8 million in the year ended December 31, 2014 and positive €9.6 million in the year ended December 31, 2015;
- changes in our working capital, which led to a cash outflow of €41.9 million in the year ended December 31, 2015, compared with a cash outflow of €0.5 million in the year ended December 31, 2014;
- in particular, there was a decrease of €1.2 million in inventories in the year ended December 31, 2015, compared to an increase of €5.2 million in the year ended December 31, 2014;
- there was also an increase of €19.2 million in receivables in the year ended December 31, 2015, compared to a decrease of €14.9 million in the year ended December 31, 2014;
- there was also a decrease of €23.9 million in payables to our suppliers in the year ended December 31, 2015 compared to a decrease of €10.2 million in the year ended December 31, 2014; and

- income tax paid slightly decreased from €29.0 million in the year ended December 31, 2014 to €28.2 million in the year ended December 31, 2015, a decrease of 2.8%.

Cash flow from operating activities is significantly affected by changes in working capital. As a result, our cash flow can be significantly affected by the commencement of new projects as those factors affect the amount of inventories, trade accounts receivable and trade accounts payable.

The following table sets forth our calculation of changes in working capital for each of the dates indicated.

	As of December 31,			As of June 30,	
	2014	2015	2016	2016	2017
				(unaudited)	
Changes in inventories	(5.2)	1.2	2.8	(0.2)	(4.1)
Changes in receivables	14.9	(19.2)	(9.2)	(0.3)	0.2
Changes in payables	(10.2)	(23.9)	11.2	1.8	3.7
Total changes in working capital	**(0.5)**	**(41.9)**	**4.8**	**1.3**	**(0.2)**

We define changes in working capital as the sum of changes in inventories and receivables, less changes in payables, resulting from the cash flow statement.

Our working capital requirements are driven by inventory and receivables related to the implementation of new projects and the sale of technology products to our customers, as well as receivables relating to the sales of scratch tickets. Given the very short working capital cycles relating to the operation of sports betting and racing, despite our sales increasing in the first and fourth quarters of the year, our working capital seasonality is relatively limited. Inventory balances are mainly affected by new contracts. Fixed assets are booked as inventory prior to the start of a new project and then the balance is re-classified as fixed assets. Following the start of a new contract, a very small amount of spare parts and terminals are held as inventory to support ongoing operations, leading to an overall increase in the balance sheet amount.

Receivables include management fees from lotteries payable within one to two months, payments for IT sold on credit (some projects are received in monthly or quarterly instalments which may span over a period of up to 3 years) and amounts due from the agent sales network for collections on wagers. Instant tickets are sold on credit that may reach up to 45 days, according to our credit practice.

Payables mainly include payments due for the purchase of hardware from manufacturers and IT vendors, and the purchase of software licenses from major software providers. The €41.9 million outflow in 2015 was the result of a one-off working capital normalization process due to payments to suppliers' prior years outstanding balances and player winnings made on various projects. Other payables include subcontracting fees and consulting fees.

Our agent network has a short payables cycle, with funds typically paid within a week and normally backed by letters of guarantee or cash collateral. We improved total working capital from negative €27.5 million at the end of 2013 to positive €4.8 million by the end of 2016, by decreasing inventories, receivables and payables.

Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for investments in tangible and intangible assets as well as interest and dividends received.

In the six months period ended June 30, 2017, net cash outflows from investing activities was €32.3 million, which was a decrease of €11.0 million, or 25.4%, from outflows of €43.3 million in the six months period ended June 30, 2016. This decrease is mainly due to lower net outflow of €27.1 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the six months period ended June 30, 2017 (mainly due to the merger of our Italian operations in 2016), higher outflow of €12.6 million for capital expenditure, lower inflow of €2.2 million from assets disposal, lower inflow of €2.1 million for interest received due to lower bank deposits, and higher inflow of €0.8 million from dividends receipts.

Our capital expenditure in the six months period ended June 30, 2017 reached €41.3 million while in the six months period ended June 30, 2016 reached €28.7 million. Major capital expenditure items in the six months period ended June 30, 2017 include payments of €11.7 million for Amelco betting platform, investments in R&D of €10.5 million, investments in our U.S. business of €5.5 million, in Jamaica of €2.6 million, and Argentina of €1.1 million.

In the year ended December 31, 2016, net cash outflows from investing activities was €49.6 million, which was a decrease of €10.2 million, or 17.1%, from outflows of €59.8 million in the year ended December 31, 2015. This decrease is mainly attributable to an inflow of €9.8 million for (Purchases)/Sales of subsidiaries, associates, joint ventures and other investments in the year ended December 31, 2016 (mainly due to inflow from Intralot de Peru disposal, partially set-off with outflows for the Italian operations merger and Eurobet acquisition in Bulgaria), to a lower inflow of €4.6 million for interest received due to lower bank deposits and to lower capital expenditures.

In the year ended December 31, 2015, net cash outflows from investing activities amounted to €59.8 million, which was an increase of €14.9 million, or 33.2%, from outflows of €44.9 million in the year ended December 31, 2014. This increase is mainly attributable to an outflow of €5.3 million for (purchases) / sales of subsidiaries, associates, joint ventures and other investments in the year ended December 31, 2015, compared to an inflow of €7.5 million in the year ended December 31, 2014. The outflow for (purchases) / sales of subsidiaries, associates, joint ventures and other investments in the year ended December 31, 2015 was mainly due to the Bit8 and Intralot Inc. shares acquisitions, partially offset by the capital return from Hellenic Lotteries in 2015. The increase in net cash outflows from investing activities was also partially attributable to higher capital expenditures, as mentioned below, as well as a lower cash inflow from interest received, which amounted to an inflow of €12.3 million in the year ended December 31, 2015, compared to an inflow of €13.6 million in the year ended December 31, 2014. The increase in net cash outflows from investing activities was partially offset by a higher inflow of €2.1 million for proceeds from sales of tangible and intangible assets in the year ended December 31, 2015 due to the sale of assets in Australia in 2015, compared to an inflow of € 0.3 million in the year ended December 31, 2014, and to a higher inflow of €1.9 million for dividends received in the year ended December 31, 2015 due to the dividends received from Hellenic Lotteries in 2015, compared to an inflow of €1.0 million in the year ended December 31, 2014.

Our capital expenditure is comprised of capital expenditure for (i) maintenance of existing IT infrastructure, (ii) acquisition of new IT infrastructure and (iii) capital expenditure for new or renewed licenses.

The following table sets forth our total capital expenditures by region.

	Year ended December 31,			**Six months June 30,**	
	2014	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
	(€ in millions)				
Region					
Southern Europe	47.0	42.2	34.5	14.1	19.0
CEE/CIS	1.9	4.8	1.9	0.5	0.9
Africa	0.4	0.7	2.1	0.3	0.2
United States	11.3	13.6	11.5	9.7	5.5
South America	4.8	7.3	15.1	3.9	4.0
Australia/Oceania	1.4	1.9	0.1	0.1	0.0
Other	0.5	0.3	0.2	0.1	11.7
Total capital expenditure	**67.3**	**70.8**	**65.4**	**28.7**	**41.3**

Our capital expenditure of €41.3 million (5.6% of revenue) in the six months ended June 30, 2017 was comprised primarily of capital expenditure relating to the Amelco betting platform, as well as our U.S. business and research and development. Maintenance capital expenditure during the six months ended June 30, 2017 was €11.9 million in comparison to €16.4 million in the six months ended June 30, 2016.

Our capital expenditure in the year ended December 31, 2016 (4.9% of revenue) reached €65.4 million while in the year ended December 31, 2015 reached €70.8 million. Major capital expenditure items in the year ended December 31, 2016 include investments in our businesses in the U.S. of €11.4 million, and in Chile of €6.2 million and R&D of €12.0 million. Maintenance capital expenditure during the year ended December 31, 2016 was €26.8 million (2.0% of revenue).

Our capital expenditure of €70.8 million (3.7% of revenue) in the year ended December 31, 2015 was comprised primarily of capital expenditure relating to new contracts in the United States, product development costs and one-off restructuring and relocation costs. Maintenance capital expenditure during the year ended December 31, 2015 was €29.3 million (1.5% of revenue).

Our capital expenditure of €67.3 million (3.6% of revenue) in the year ended December 31, 2014 was comprised of primarily maintenance capital expenditure as well as capital expenditure related to projects in Italy, the United States, Argentina, Peru, Australia, Brazil and Jamaica. Maintenance capital expenditure during the year ended December 31, 2014 was €25.1 million (1.3% of revenue).

We expect our maintenance capital expenditure to be in line with previous years. Any additional capital expenditure is expected to depend on contract renewals or growth. We expect to fund our budgeted capital expenditures principally through a combination of cash from operations and borrowings. The figures in our capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. Since capital commitments that have been approved but not committed to contract may be subject to change, and because we may from time to time determine to undertake additional capital projects or decide not to proceed with others or not be awarded certain contracts, actual capital expenditures in future years may be significantly more or less than the amounts shown. There can be no assurance that we will execute our capital expenditure plans as contemplated at or below estimated costs. See "Risk Factors—Risks Related to Our Business Operations—Our contracts and licenses require capital that will not otherwise be available for our operations and repayment of borrowings."

Net Cash from Financing Activities

Net cash from financing activities comprises net cash proceeds from financing arrangements as well as payment of cash interest and the payment of dividends to our shareholders or to minority interests.

In the six months period ended June 30, 2017, net cash outflows from financing activities was €54.5 million, compared to net cash outflows of €96.8 million in the six months period ended June 30, 2016. This decrease of net cash outflows from financing activities consisted of €32.1 million inflow in net cash flows from financing arrangements mainly due to bond buy backs of €14.3 million in the first half of 2016 and higher repayment of €15.8 million of local facilities in the United States, Malta and Netherlands in the first half of 2016, lower interest payments by €6.1 million in the six months of 2017 due to refinancing of 2018 Notes, lower dividends distribution, in the six months of 2017, to minority interests amounting to €0.5 million, as well as due to the €3.4 million share capital return to minority interests and the €0.2 million treasury share repurchases in 2016.

In the year ended December 31, 2016, net cash outflows from financing activities was €225.3 million compared to net cash outflows of €182.3 million in the year ended December 31, 2015. This increase of net cash outflows from financing activities consisted of €45.3 million outflow in net cash flows from financing arrangements mainly due to a partial repayment of €40.0 million on the Syndicated Facilities and the full repayment of the local facility in Malta, €18.7 million in higher interest payments in 2016 as compared to 2015, due to the redemption costs of notes that were redeemed in 2016, €25.5 million in lower dividend distributions to minority interests in 2016 as compared to 2015, €3.3 million for a non-recurring capital return to minority interests in 2016, and the outflow of €1.2 million for repurchase of treasury shares in the year 2016.

In the year ended December 31, 2015, net cash outflows from financing activities amounted to €182.3 million, compared to net cash inflows of €157.0 million in the year ended December 31, 2014. This increase of net cash outflows from financing activities in the year ended December 31, 2015 was mainly due to a €297.0 million increase in net cash outflows from financing arrangements as a result of the drawdown of the Syndicated Facilities in 2014 and higher repurchases of the 2018 Notes and the 2021 Notes, as well as a €44.0 million increase in dividend distributions to minority interests. This increase was partially offset by a €1.3 million decrease in interest payments in the year ended December 31, 2015 as compared to the prior year as well as the absence of outflows for treasury shares purchases in the year ended December 31, 2015 as compared to outflows of €0.4 million for treasury shares purchases in the year ended December 31, 2014.

Contractual Obligations

Our consolidated contractual obligations as of June 30, 2017 are set forth in the table below.

	Payments due by Period			
	Total	Within 1 Year	After 1 Year but no more than 5 Years	More than 5 Years
			(€ in millions)	
Long-term debt	652.7	—	651.5	1.2
Short-term debt	10.1	10.1	—	—
Finance lease agreements	1.2	0.7	0.5	—
Borrowings	**664.0**	**10.8**	**652.0**	**1.2**
Other payables to other related and third parties	138.2	122.1	16.1	—
Total contractual obligations	**802.2**	**132.9**	**668.1**	**1.2**

Financial Liabilities

Maturities of Liabilities

The following table shows the maturity of our financial liabilities as of June 30, 2017, after giving *pro forma* effect to the proceeds of the Notes.

	As of June 30, 2017		
		With a term of	
	Total	Up to 1 year	More than 1 year
	(€ in millions)		
Existing credit facilities	755.9	2.7	753.2
Bank overdrafts	1.3	1.3	0.0
Other debt	3.0	0.6	2.4
Total	**760.2**	**4.6**	**755.6**

Contingent Liabilities

From time to time we provide bid bonds in order to participate in various tenders and then, once awarded, it is normally a requirement that these become performance bonds and remain held by our lottery clients in order to guarantee the satisfactory implementation of the new project.

As of June 30, 2017, the Intralot Group had outstanding performance bonds and letters of credit in an aggregate amount totalling €228.0 million. See "Risk Factors—Risks Related to Our Business Operations—We are subject to substantial penalties for failure to perform under our lottery licenses and contracts."

Off-Balance Sheet Arrangements

There are no material off-balance sheet arrangements in place for the periods presented.

Credit, Liquidity and Market Risks

We are exposed to a number of financial risks arising from the ordinary course of business, such as credit risks and liquidity risks as well as market risks, including foreign exchange risks and interest rate risks.

Credit Risk

We do not have significant credit risk concentration because of the wide dispersion of our 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, we set limits regarding the amount of credit exposure to any financial institution. Moreover, in order to provide additional security for our transactions, we have adopted an internal credit rating evaluation system using the relevant financial indices.

Liquidity Risk

We are subject to liquidity risks. 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. We take measures to obtain certain policies to monitor the liquidity in order to hold liquid assets that can cover our liabilities.

Market Risk

Foreign Exchange Risk

Fluctuations in exchange rates can have significant effects on our currency positions. Our transactions are carried out in more than one currency and therefore there is a high exposure to foreign exchange rate fluctuations against the euro, which is our main underlying economic currency. On the other hand, our activity outside the Eurozone 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, we enter into derivative financial instruments with various financial institutions. Our policy regarding foreign exchange risk concerns not only our parent company but also our subsidiaries.

The following table sets forth a sensitivity analysis in currency movements for the year ended December 31, 2016.

Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
		(€'000)	(€'000)
U.S. dollars:	5%	188	2,024
	(5)%	(170)	(1,831)
Turkish lira:	5%	2,451	248
	(5)%	(2,218)	(225)
Peruvian sol:	5%	286	632
	(5)%	(259)	(572)
Brazilian real:	5%	130	(1,228)
	(5)%	(117)	1,111
Jamaican dollar:	5%	634	1,032
	(5)%	(573)	(934)
Argentine peso:	5%	634	82
	(5)%	(573)	(75)
Romanian new leu:	5%	(14)	675
	(5)%	13	(610)

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates to long- and short-term borrowings. For managing this type of risk we enter into derivative financial instruments. Our policy regarding interest rate risk concerns not only the parent company but also debt that our subsidiaries have raised either in euro or in the local currency.

Critical Accounting Principles

Critical accounting principles are those that (i) are relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex.

In the preparation of financial statements in accordance with IFRS, management exercises judgment in making appropriate estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual amounts may differ from these estimates. Both estimates and the basis on which assumptions are made are reviewed regularly. Changes in estimates are recognized in the period in which the changes are made as well as in all subsequent periods affected by the changes.

In order to provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, we have identified the critical accounting policies discussed below. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we consider the following critical accounting policies to warrant particular attention.

Our consolidated financial statements have been prepared in euro, the functional and presentation currency of our parent company. Unless stated otherwise, all amounts are in millions of euro. As amounts (in millions of euro) and percentages have been rounded, rounding differences may occur.

Tangible Assets

Tangible assets are stated at historical 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 the end of each financial year, and adjusted prospectively, if appropriate. With respect to hardware and software leased under operating leases, these assets are disclosed in acquisition cost values in the group statement of financial position and are depreciated using the straight-line method and according to the lower period between the useful life and the contract life, also taking into account their residual value at the end of the relative contract life as well as the collecting cost. In the case of the respective contracts, renewal of 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 that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value minus disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

Intangible Assets

Intangible assets acquired individually are capitalized at cost and those acquired through a business combination are capitalized at fair value on 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..	Over the duration of the longest contract
Central operating software...	Over the duration of the longest contract
Central network software..	Over the duration of the longest contract
Licenses	Over the duration of the longest contract
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 contract 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 over 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 an indefinite useful life are not amortized, but are annually tested for impairment, either individually or at the cash-generating unit level. Intangibles, except development expenses, internally generated are not capitalized and the costs are included in the income statement in the year they are incurred. Intangible assets are tested for impairment at the end of each reporting period, either individually or at the cash-generating unit level. Useful lives are also assessed annually and any revisions do not have retrospective application. Gains or losses arising from derecognition of an intangible asset (that are measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the income statement when the asset is derecognized.

Business Acquisition and Goodwill

At the acquisition date, we classify or designate the identifiable assets acquired and liabilities assumed on the basis of the contractual terms, economic conditions, operating or accounting policies and other pertinent conditions as they exist at the acquisition date. In a business combination achieved in stages, we remeasure the previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. In prior reporting periods, we may have recognized changes in the value of the 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 we had disposed directly of the previously held equity interest. We recognize any contingent consideration at fair value at the acquisition date. Subsequent changes to the fair value of such contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" either in the income statement or as a change in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill in a business acquisition is initially measured at cost, being the excess of the cost of acquisition transferred over the net fair value of the identifiable assets acquired and liabilities assumed of the acquiree. If this cost of acquisition is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. Any goodwill arising on the acquisition of a foreign subsidiary and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and 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. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the 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.

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

Intralot Group estimates that it controls the subsidiaries Supreme Ventures LTD, Inteltek Internet AS, Eurofootball OOD, Eurobet OOD and 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 Intralot 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 Intralot Group's proposals. Also, for the subsidiaries Inteltek Internet AS, Eurofootball OOD, Eurobet OOD and DC09 LLC, in which Intralot Group holds 45%, 49%, 49% and 49%, respectively, of the voting rights, the control is based on the fact that Intralot Group has signed agreements with other shareholders under which Intralot Group has the ability to direct the business decisions of these subsidiaries.

Trade and other short-term receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amount. We make 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 sold or services rendered is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a finance transaction, the fair value of the consideration is determined by discounting all future receipts using the prevailing interest rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration is recognized as interest revenue in future periods in accordance with IAS 39 "Financial Instruments: Recognition and Measurement."

Provisions and Contingent Liabilities

Provisions are recognized when we have 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 we expect 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 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.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred by an individual project is capitalized if, and only if, all of the following are demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset is expected to generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and the ability to reliably measure 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 the 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 expenses is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arising during the reporting year indicates that the carrying value may not be recoverable.

Revenue recognition

Revenues are recognized in the period they are realized and the related amounts can be reliably measured. Revenues are measured at 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 online games. Revenue is recognized by the Company either as a direct sale of hardware and software or as an operating lease or finance lease for a predetermined time period according to the contract with the customer.

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

In the second case consisting of income from an operating lease, income is defined per case either on straight-line basis over the lease term or as a percentage of the lottery organization's gross turnover received from 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 consisting of income from a finance lease, income is defined using the net investment method (the difference between the gross amount of the receivable and its present value is registered as 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 online 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: We undertake the provision of value-added services, such as the design, organization and/or management of games, advertising and sales promotions, establishment of sales networks, risk management (for fixed-odds games), etc., 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 a percentage on the total amount received by the lottery games organization from the player-customer.

Game operation: In this category, we have the full game operating license in a country. In the case of operating the game, we undertake the overall organization of the games provided (installation of information systems, advertising and promotion, establishment of sales networks, receipt of 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. In the case of VLT revenue, it is 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 our right to receive the payment is established.

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

EBITDA and EBIT

International Financial Reporting Standards (IFRS) do not define the content of "EBITDA" and "EBIT". 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. Intralot Group defines "EBITDA" as: "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and similar 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, Intralot Group defines "EBIT" as "Operating Profit/(Loss) before tax" adjusted for the figures "Profit/(loss) from equity method consolidations", "Exchange Differences", "Interest and similar income", "Interest and similar expenses", "Income/(expenses) from participations and investments", "Write-off and impairment loss of assets" and "Gain/(loss) from assets disposal".

Project EBITDA

Project EBITDA is used to allocate the total EBITDA of Intralot S.A. to its various projects. For the calculation of the project EBITDA of Intralot S.A., the direct costs of the projects are allocated directly to the projects for which they are carried out. Payroll costs related to the Company's production segments are recorded in "Cost of Sales" and are allocated to projects based on man effort at Company level. "Distribution Expenses" and "Administration Expenses" are monitored per project and allocated to them based on man effort at Company level. "Research and Development Expenses" are allocated to the projects in proportion to the revenues of each project in the total revenue of the Company.

IFRS 15 "Revenue from Contracts with Customers"

This applies to annual accounting periods starting on or after January 1, 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 U.S. 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 recognize 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 Intralot 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, the Intralot 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 Intralot Group undertakes the provision of value added services, such as the design, organization and/ or management of games, advertising and sales promotion, establishment of sales network, risk management (for fixed odds games) etc. to organizations internationally. Group revenues mainly consist of a percentage of the turnover of the games 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.

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.

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 Intralot 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 and the amount of revenue recognized might be impacted. The Intralot Group has preliminarily assessed that the majority of support services are satisfied over time and consequently the Intralot Group will continue to recognize 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 the Intralot Group’s financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 and first half of 2017. the Intralot Group developed and started testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

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

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 Greek tax laws or the other tax frameworks within which our foreign subsidiaries operate. Income tax is calculated based on the profit of each entity as adjusted on its 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 between the tax base of assets and liabilities and their carrying amount at the balance sheet date.

Deferred income tax liabilities are recognized for all taxable temporary differences except: (i) 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 (ii) 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: (i) 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 (ii) in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

We do not measure deferred income tax 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 income statement.

Leases

Entity of the Intralot Group as lessee:

Finance leases, which transfer to the Intralot 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 Intralot Group as Lessor:

In cases of hardware and software leasing through operating lease, these assets are included in the Intralot 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.

IFRS 16 "Leases"

This applies to annual accounting periods starting on or after January 1, 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 Intralot Group as a lessee. On June 30, 2017, the Intralot Group had commitments from non-cancellable operating leases amounting to €15.6 million (see Note 2.21.C to the interim financial statements of the Company for the six month period ended June 30, 2017 included in this Listing Prospectus). However, the Intralot 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 Intralot 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 current year.

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

INDUSTRY OVERVIEW

In this Listing Prospectus, we rely on and refer to information regarding the industry in which we operate and compete. All market data is based on or derived from reports provided by independent, widely-used and respected industry research providers.

Global gaming market

Overview

The gaming industry comprises lottery games, casinos, sports betting, bingo, horse racing, gaming machines and online gaming. According to GBGC, Gross Gaming Yield ("GGY"), which constitutes gross turnover in respect of gaming activities less the amount paid out to players as winnings, is estimated to have grown to U.S.$417.7 billion in 2016 from U.S.$221.9 billion in 2001, representing a CAGR of 6.3%. We consider 65.8% of total GGY 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.

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.

The global gaming market increased by 2.6% in 2016, primarily due to GGY increases in all regions outside of Asia. Specifically, regional GGY increased 5.3% in Africa to U.S.$5.5 billion, 7.0% in Central and South America and the Caribbean to U.S.$27.1 billion, 3.2% in Europe to U.S.$112.5 billion, 3.9% in North America to U.S.$124.9 billion and 3.24% in Oceania to U.S.$19.7 billion. In Asia, stagnant performance in Japan, China, Macau and Hong Kong, which together constituted U.S.$96.2 billion or 23.0% of global GGY in 2016, weighed on otherwise positive worldwide growth.

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. To meet spending demands regulators have liberalized gaming markets, mainly in internet and mobile, privatized state-owned lotteries and cracked down on illegal gaming.

Introduction of stable and clear regulatory regimes

Stable and clear regulatory regimes have proved favorable for operators and provide players with additional security. 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, wider private operators' involvement and consumers' interest in entertainment and chance to win.

Product innovation

The industry has seen a shift to focus on the players end-to-end experience. This has led to new business models and products that focus on growing consumer demand for entertainment, personalization of game offerings and content and a deep dive into data mining and customer analytics. Technology convergence and customers' desire for an 'all-in-one' gaming platform has led gaming market providers to deliver unified customer experiences with a convergence toward land-based and interactive channels. While mobile was previously not the primary access point to online retail for most consumers to date, the mobile gambling industry has increased its user base each year since 2007. In 2016, mobile gambling accounted for 33% of the global interactive gambling and that number is projected to rise to 48% by 2022. Moreover, product innovation, particularly in the terminals market, has led to increased M&A activity with a focus on achieving synergies.

An example of product innovation is the introduction of VLTs, which are continuously being developed for a better and more complete player experience, a new generation of slot machines characterized by each terminal being connected to a centralized electronic system that allows the lottery jurisdiction to monitor game play and collect its share of revenue. Other examples include the introduction of linked jackpots, whereby the value of the jackpot increases on each iteration of a game (e.g. combination of EuroJackpot and national lottery), and of interactive gaming, fueled by the proliferation of smartphones and tablets.

Liberalization

Liberalization is often reflected in the legalization and opening of a new market, such as the online gaming market, as recently illustrated by the governments of Denmark and Germany. This ushers legal operators and consumers into a regulated environment.

Privatization

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, the Turkish Government's ongoing process to privatize its national lottery, Milli Piyango, through the sale of a ten-year concession, and the Maltese Government awarding a 10-year license to Maltco Lotteries Limited.

Gaming market trends by region

The global gaming market GGY was estimated to have grown at 4.3% per year between 2001 and 2016, supported by growth in emerging markets (South & Central America and Africa are estimated to have grown at 6.5% and 6.6% per year, respectively) and change in regulations and product innovation in mature economies (Oceania and Europe are estimated to have grown at 6.0% and 5.0% per year, respectively).

GGY by region	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11
						(US$ Billions)					
Africa	2.1	2.0	3.1	3.3	4.1	4.2	4.7	4.8	4.7	5.3	5.6
Asia and the Middle East	71.9	72.6	78.5	83.0	85.2	83.3	83.8	93.5	97.9	114.6	136.8
Central & South America	10.5	9.8	12.7	15.0	16.3	17.4	21.8	22.5	23.4	26.2	28.6
Europe	54.4	60.2	73.9	89.6	93.4	100.9	115.6	125.6	116.1	110.3	124.0
North America	74.8	79.3	84.8	91.7	98.7	105.2	111.7	114.0	109.5	110.5	113.8
Oceania	8.2	9.2	11.3	13.6	14.6	14.8	16.8	16.8	16.4	19.1	22.0
Global Total	**221.9**	**233.1**	**264.4**	**296.3**	**312.2**	**325.9**	**354.4**	**377.1**	**368.0**	**386.0**	**430.8**

GGY by region	'12	'13	'14	'15	'16E	'17F	'18F	'19F	'20F	'21F	'22F
						(US$ Billions)					
Africa	5.9	5.6	5.6	5.2	5.5	6.3	6.9	7.5	8.0	8.6	9.3
Asia and the Middle East	147.6	150.9	152.3	128.4	127.9	134.5	138.5	142.8	147.5	151.3	155.7
Central & South America	28.4	28.6	27.1	25.3	27.1	29.1	31.1	33.1	34.9	36.8	39.0
Europe	116.9	119.5	121.4	109.0	112.5	114.4	118.3	120.8	124.5	127.6	131.3
North America	117.8	119.0	119.5	120.2	124.9	128.8	131.7	134.7	137.9	140.8	143.4
Oceania	23.3	22.2	21.6	19.1	19.7	20.3	20.9	21.5	21.9	22.9	24.4
Global Total	**439.9**	**445.9**	**447.4**	**407.2**	**417.7**	**433.5**	**447.4**	**460.2**	**474.8**	**488.0**	**503.0**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates and numbers for 2017 to 2022 are forecasts.

Asia and the Middle East together are estimated to be the largest gaming market by GGY and are estimated to have accounted for 30.6% of GGY in 2016 (U.S.$127.9 billion). According to GBGC, the market is forecast to grow at slightly below historical levels.

In 2016, Europe was estimated to have accounted for 26.9% of the global gaming market (U.S.$112.5 billion). Going forward, GBGC forecasts the European gaming market to continue to grow at below historical levels in spite of a challenging economic environment.

North America was estimated to have contributed to 29.9% of the global gaming market GGY in 2016 (U.S.$124.9 billion), 56.7% of which was attributable to casinos. GBGC forecasts the market 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.

South & Central America and Africa were estimated to have contributed to 6.5% and 1.3% of the global gaming market GGY in 2016 (U.S.$27.1 billion and U.S.$5.5 billion, respectively). Africa is expected to grow at a higher rate than historical levels and South & Central America expected to grow at a rate slightly below historical levels. Each of Argentina, South Africa and, to a lesser extent due to recent economic difficulties, Brazil, are expected to be the primary contributors to expansion given increased interest in retail, casino and gaming machines.

Market structure and business model

Our addressable market comprises a large number of state-owned and private, state-licensed lottery operators and several providers of gaming solutions and services, as well as vertically integrated operators such as Intralot.

Although there are a large number of Business-to-Consumer ("B2C") operators, which typically manage frontline customer-facing activities, and of Business-to-Business ("B2B")/Business-to-Government ("B2G") operators, which manage the support stages of the value chain, there are few vertically-integrated operators that have the capabilities to manage and operate activities across the whole value chain.

While B2B/B2G and vertically-integrated operators tend to be global in nature, B2C operators tend to be regional and centered around a local regulated market. B2C operators, particularly in lotteries, are often state entities, unable to pursue opportunities abroad as this falls outside of their mandate. Private entities, on the other hand, have B2C capabilities that are difficult to transfer or replicate across gaming jurisdictions.

B2B/B2G operators provide hardware and software solutions as well as operational support services to B2C operators. Vertically integrated operators help develop underlying gaming technologies and have the ability to operate across all forms of interactive and retail channels. In addition to technology contracts, these operators pursue frontline engagements such as management contracts and licensed operations.

We began operating B2G technology contracts after being awarded a government procurement contract back in 1992, shortly after the Company was established. Since then, we have also successfully grown into B2C-related engagements, which have helped us obtain a comprehensive view of the gaming market value chain.

B2B & B2G

Operators within B2B/B2G offer various types of technology solutions, products and services. Vendors can be categorized into two tiers according to the type of solution provided. Top-tier vendors are capable of implementing integrated end-to-end gaming solutions and operational services worldwide, while supporting multiple gaming offerings. Second-tier vendors exhibit a narrower technology and service offering and have a more limited installation experience. In addition, several technology and service providers are focused on a specific scope, gaming offering or country.

The B2B/B2G market's barriers to entry vary as a function of the scope, magnitude and complexity of the given contract. Experience in delivering a tailored solution, track record of implementation and service level are key to winning contracts. B2B/B2G engagements are typically governed by long-term technology or management contracts.

B2C

The B2C gaming market includes lottery games, sports betting, horse racing, gaming machines and other concessions. In most jurisdictions, a state-owned entity holding an exclusive concession acts as the operator. In some jurisdictions, single or multiple licenses (e.g. betting in Italy) are awarded through an open tender, with only vertically integrated operators being able to provide competitive bids. Country-specific operators often bid through a consortium comprised of one or multiple B2B/B2G operators. In the case of the award of an exclusive license or concession the winning bidder or qualified licensee pays a fee in advance, while it is extremely unlikely to pay an upfront fee for a license in a multi-license jurisdiction.

Concessions have strong defensive qualities such as resilience to economic downturns. Barriers to entry are high, given extensive technical skills, the ability to pay up-front fees and a long-term relationship with local governments are key to securing a license to operate. In some cases, operators also need to comply with licensing pre-requirements. B2C engagements typically fall under licensed operations but can occasionally materialize in the form of management contracts.

Contractual arrangements

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

Technology contracts

Through technology and/or service contracts, providers typically offer: (i) systems design, delivery and ongoing support operations; (ii) terminal installation and maintenance; (iii) telecommunications network installation, management and maintenance; and (iv) other technical support services.

Management contracts

Under management contracts, the vendor usually provides technical services and solutions as well as day-to-day operations, such as retail network optimization, facilities management (e.g. call center, field services and communications), interactive services, bookmaking services and other operational services (e.g. telemarketing, warehouse, distribution). Management contracts often entail the management of all gaming activities across the value chain, with very few roles falling under the state's or the private operator's responsibility (e.g. game approvals, regulatory oversight, etc.).

For technology and management contracts, the operator receives a share of the total amount wagered by players based on a pre-determined percentage. Alternatively, the operator can receive an annual fixed payment over an agreed period of time.

Licensed operations

Operators control every aspect of the gaming offering, always operating within the boundaries of the local gaming regulation framework. Contract structures are in many cases open-ended, with revenues generated through wagers.

Competition

Competition in the gaming market is increasing due to the proliferation of destination gaming venues and the augmenting popularity of online gaming. Competition for lottery contracts is also rising.

The two international players that operate across B2B/B2G and B2C segments and compete with us for all types of contracts are International Game Technology ("IGT"), and Scientific Games Corporation ("Scientific Games"). In addition to these international competitors, in jurisdictions where we have B2C operations, we face competition from numerous local companies, particularly for licensed operations.

Competition in the B2C segment is a function of the regulation in each jurisdiction. For example, an operator owning an exclusive concession does not face competition from similar gaming offerings, while in open markets B2C players face competition from the other local operators.

Gaming market trends by product

Our addressable market includes lottery games, sports betting, horse racing, gaming machines, interactive gaming and other activities, such as bingo. Casinos and Native American gaming are excluded.

GGY by region	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11
						(US$ Billions)					
Betting	32.0	33.1	38.5	42.0	43.2	44.6	48.4	52.5	50.9	52.5	56.4
Casinos	48.7	51.6	59.4	66.6	70.6	75.8	86.7	90.8	86.1	98.4	116.0
U.S. Indian Gaming	12.8	14.7	16.8	19.5	22.6	24.9	26.1	26.7	26.5	26.5	27.2
Gaming Machines	58.4	58.7	67.3	75.1	78.7	78.8	81.2	88.9	88.6	89.9	98.8
Lotteries	62.4	66.9	73.5	83.1	87.0	91.4	100.9	106.7	105.0	107.4	120.9
Other Activities (Bingo etc.)	7.5	8.1	9.0	10.0	10.2	10.4	11.1	11.4	11.0	11.3	11.5
Global Total	**221.9**	**233.1**	**264.4**	**296.3**	**312.2**	**325.9**	**354.4**	**377.1**	**368.0**	**386.0**	**430.8**

GGY by region	'12	'13	'14	'15E	'16F	'17F	'18F	'19F	'20F	'21F	'22F
						(US$ Billions)					
Betting	56.9	56.3	58.4	54.9	57.1	58.9	62.0	63.6	65.9	67.6	70.2
Casinos	121.4	129.8	128.7	110.7	112.2	117.3	121.4	126.2	131.4	136.3	141.4
U.S. Indian Gaming	27.9	28.0	28.5	29.9	30.5	31.2	31.9	32.7	33.5	34.3	35.1
Gaming Machines	99.0	90.8	86.6	76.2	77.0	76.5	76.4	76.9	77.9	79.0	80.2
Lotteries	123.3	129.3	133.6	124.4	129.2	137.6	143.3	148.1	152.9	157.2	162.0

Other Activities (Bingo etc.)	11.4	11.7	11.6	11.2	11.8	12.1	12.5	12.8	13.2	13.6	14.1
Global Total	**439.9**	**445.9**	**447.4**	**407.2**	**417.7**	**433.5**	**447.4**	**460.2**	**474.8**	**488.0**	**503.0**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates and numbers for 2017 to 2022 are forecasts.

Lottery games represent the most traditional segment and have historically attracted the largest number of players. The segment was estimated to have contributed to 30.9% of the total global gaming market in 2016 (U.S.$129.2 billion). Overall, growth in the segment has been supported by a shift towards operations outsourcing and privatization. This segment, according to GBGC, is forecast to grow at slightly below historical levels, with South & Central America acting as the primary driver of expansion.

Casinos were estimated to have contributed to 26.9% of the global gaming market in 2016 (U.S.$112.2 billion) and are expected to grow at below historical levels. Growth is expected to be primarily driven by Asia, the Middle East and Oceania.

The gaming machines market was estimated to have accounted for 18.4% of the global gaming market in 2016 (U.S.$77.0 billion) and is forecast to grow at below 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 within North America.

Betting was estimated to have accounted for 13.7% of the global gaming market in 2016 (U.S.$57.1 billion) and is forecast to grow at near historical levels. In markets like the U.K., where the bulk of activity revolves around betting, activity tends to decline during recessionary periods but recovers quickly as consumer sentiment grows. As a response, operators are increasing the density of the network and improving their product offering. In relation to horse racing, in markets where activity levels are in decline, operators tend to increase attendance by increasing the number of races per track and cross-selling (i.e. racinos).

Our key gaming markets

United States of America

Overview

The U.S., with an approximate population of 323.1 million in 2016, is home to the largest gaming market in the world, with 48 out of 50 states allowing some type of gaming. The market comprises lottery games, sports betting, casinos, gaming machines, horse racing and Native American gaming.

The U.S. gaming market was estimated to have grown to U.S.$109.3 billion in 2016 (U.S.$338/capita) from U.S.$72.9 billion in 2003, representing a CAGR of 3.2%. Over this period, the market has been impacted by economic downturns with GGY decreasing in 2009 (negative 3.3%) and 2010 (negative 0.5%). In the context of the current environment, states running high-budget deficits tend to foster gaming in order to increase revenue from taxes.

We provide technology and support services for the operation of state-run lotteries through our majority-owned subsidiary Intralot Inc. Our system enables the sale and validation of lottery tickets. We became the first non-U.S. company to win a tender for the supply of lottery systems when we won a contract to supply the Nebraska State Lottery in 2003. We operate under 13 contracts as system supplier of online numerical, scratch and VLT games in 11 states and the District of Columbia: Ohio, South Carolina, Louisiana, Arkansas, Georgia, New Hampshire, Idaho, Vermont, Wyoming, New Mexico, Montana and Washington D.C. Our customers in the United States are the above-mentioned state lotteries, and our main competitors are IGT and Scientific Games.

The performance of the gaming market across casinos, Native American gaming, lottery games, gaming machines, horse racing, sports betting and other activities, such as bingo, is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR '03-16E
	(U.S.$ billions)														(%)
Casinos	27.2	28.7	30.0	32.0	33.3	32.1	29.5	29.0	32.1	33.2	34.1	33.7	33.8	34.1	1.7%
Native American gaming	16.8	19.5	22.6	24.9	26.1	26.7	26.5	26.5	27.2	27.9	28.0	28.5	29.9	30.5	4.7%
Lottery games	17.1	18.5	19.3	20.9	21.2	21.4	21.2	21.7	21.9	23.6	24.1	24.6	24.8	27.4	3.7%
Gaming machines	3.6	4.0	4.7	5.6	6.4	8.0	8.1	7.8	6.0	6.6	6.8	7.5	8.3	8.9	7.2%
Horse racing	3.9	3.8	3.6	3.7	3.7	3.5	3.1	2.9	2.7	2.8	2.8	2.8	2.8	2.8	(2.4)%
Sports betting	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.2	5.0%
Other activities (Bingo etc.)	4.0	4.2	4.2	4.1	4.2	4.2	4.4	4.5	4.6	4.7	4.8	4.9	5.1	5.3	2.2%
Total	**72.9**	**78.8**	**84.4**	**91.4**	**95.1**	**96.2**	**93.0**	**92.5**	**94.7**	**98.9**	**100.8**	**102.3**	**105.1**	**109.3**	**3.2%**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates.

Casinos: are the largest gaming sector in terms of GGY, with 482 venues across 19 states in 2015, with approximately 54.6% based in Nevada. GGY was estimated to have grown to U.S.$34.1 billion in 2016 from U.S.$27.3 billion in 2003, representing a CAGR of 1.7%. Casinos' GGY has been impacted by the economic downturn as well as by the increase in the popularity of online gaming.

Native American gaming: consists of bingo, gaming machines located in convenience stores or truck stops and casinos located within Native American reservations. Tribal gaming is non-profit and aims at aiding tribal development and self-sufficiency and is therefore not subject to federal income tax or other federal or state taxes. GGY was estimated to have grown to U.S.$30.5 billion in 2016 from U.S.$16.8 billion in 2003, representing a CAGR of 4.7%.

Lottery games: the most stable and popular type of gaming, with around 50% of adults playing the lottery at least once a year. State-owned lotteries are currently run in 45 states and the District of Columbia. The segment comprises various numerical games as well as instant lottery games, with retailers being small general stores and corners. Lottery games' GGY was estimated to have grown to U.S.$27.4 billion in 2016 from U.S.$17.2 billion in 2003, representing a CAGR of 3.7%.

Gaming machines: located in racinos, casinos and establishments with a liquor license. In 2016, 14 states permitted the operation of gaming machines. GGY was estimated to have grown to U.S.$8.9 billion in 2016 from U.S.$3.6 billion in 2003, representing a CAGR of 7.2%.

Horse racing: includes traditional horse race betting which can be carried out at racetracks, dedicated shops and corners or online. It is operated in 40 states. GGY has declined significantly since 2003, mainly driven by players switching to other betting games. GGY was estimated to have declined to U.S.$2.8 billion in 2016 from U.S.$3.9 billion in 2003, representing a negative CAGR of 2.4%.

Sports betting: includes fixed-odds sports betting as well as sports pool games. Only four states have some form of sports betting, and only Nevada has a sports betting product similar to that offered in Europe. GGY was estimated to have grown to U.S.$235.7 million in 2016 from U.S.$124.4 million in 2003, representing a CAGR of 5.0%.

Turkey

Overview

The gaming market in Turkey, a country with an approximate population of 79.5 million in 2016, was dominated by lottery games, sports betting and horse racing offered by state-owned or state-licensed operators. Based on 2016 estimated GGY, lottery and betting games accounted for 16.0% and 59.0% of the market, respectively. All other forms of gaming are prohibited.

Total market size by GGY was estimated to have grown to U.S.$3.2 billion in 2016 (U.S.$40/capita) from U.S.$0.8 billion in 2003, representing a CAGR of 11.2%. Key developments include the return to strong growth in 2016 after a 13.4% decline in 2015, the ongoing privatization of the state-owned lottery operator Milli Piyango, the sustained growth of sports betting and the constant effort of the electronic agents to support their further expansion by means of significant investments in technology and substantial marketing expenditure.

In Turkey, we operate in a consortium with Turkcell Iletisim Hizmetleri A.S. ("Turkcell") through our 45.0%-owned subsidiary Inteltek S.A. ("Inteltek"), which manages the sports betting game as part of a contract with Spor Toto Association ("Spor Toto"). In December 2013, we increased our stake in Bilyoner, the leading online distributor of sports betting games in Turkey, from 25.0% to 50.01%. Bilyoner distributes Spor Toto games over the internet, on behalf of Inteltek.

The performance of the Turkish gaming market across sports betting, lottery games and horse racing is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR '03-16E
							(US$ millions)								(%)
Sports betting	0.0	58.5	345.1	505.1	472.1	627.3	823.1	1201.5	1255.0	1507.5	1648.2	1744.8	1600.4	1872.5	33.5%[(a)]
Lottery games	427.2	478.6	533.6	532.1	619.0	732.2	716.2	648.0	665.4	676.1	686.6	604.5	493.3	507.2	1.3%
Horse racing	366.4	416.9	569.1	545.7	741.8	719.2	647.4	699.3	774.5	777.4	775.9	914.5	732.7	791.4	6.1%
Total	**793.6**	**954.0**	**1447.8**	**1582.8**	**1832.8**	**2078.7**	**2186.7**	**2548.8**	**2694.9**	**2961.0**	**3110.7**	**3263.8**	**2826.4**	**3171.0**	**11.2%**

(a) CAGR ’04-16E

Source: GBGC Key Markets Gambling Data, in which certain numbers for 2011 to 2016 are estimates.

Sports betting: Spor Toto is the exclusive license holder in the country. The central betting and the risk management systems, as well as the implementation, support and maintenance of related IT infrastructure, are run by our subsidiary Inteltek. Sales distribution is carried out through approximately 4,500 betting shops, 1,000 mobile dealers and six electronic dealers over the Internet. Sports betting GGY was estimated to have grown to U.S.$1.9 billion in 2016 from U.S.$58 million in 2004, representing a CAGR of 33.5%.

Lottery games: the main provider of lottery games in the country is Milli Piyango, which is currently undergoing a privatization process. Even though lottery games GGY has been volatile between 2003 and 2016, it is estimated to have grown to U.S.$507.2 million in 2016 from U.S.$427 million in 2003, representing a CAGR of 1.3%.

Horse racing: is popular and has a long history in Turkey. The industry is administered by the Jockey Club of Turkey, which has exclusive permission to organize races. There are eight major racecourses in the country, all recently renewed or newly built, and the country is host to a number of international races. The sales network has expanded to approximately 2,000 betting agents across the country. Horse racing GGY was estimated to have grown to U.S.$791.2 million in 2016 from U.S.$366.4 million in 2003, representing a CAGR of 6.1%.

Bulgaria

Overview

Bulgaria, with an approximate population of 7.1 million in 2016, has a gaming market comprising lottery games, sports betting, casinos, gaming machines and bingo. Total market size by GGY was estimated to have grown to approximately U.S.$358.5 million in 2016 (U.S.$50/capita) from approximately U.S.$144.6 million in 2003, representing a CAGR of 7.2%.

In Bulgaria, we provide a big variety of sports betting and Lottery games through our wholly owned subsidiary, Bilot Ltd (“Bilot”), which holds a 49.0% stake in the privately owned licensed operator Eurofootball Ltd (“Eurofootball”). Bilot also holds 49% shares of the company Eurobet Ltd (“Eurobet”) which holds licenses to operate Numerical games like Keno, (“Eurochance”), Scratch Tickets (“Lotteria Bulgaria”), etc. Our customers are retail players for games that are organized by Eurofootball and retail & online players for games operated by Eurobet. Bilot’s competitors are online companies that are licensed in the State Gambling Committee of Bulgaria.

The performance of the Bulgarian gaming market across gaming machines, sports betting, casinos, lotteries and other activities, such as bingo, is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR ‘03-16E
							(US$ million)								(%)
Casinos	31.9	34.9	38.6	42.3	46.1	49.8	47.9	49.9	56.4	57.7	62.8	66.0	76.2	84.4	7.8%
Gaming Machines	42.4	60.6	88.7	129.7	166.4	177.1	164.9	131.3	131.6	131.3	130.9	130.7	130.9	131.0	9.1%
Lotteries	21.4	32.8	28.6	27.2	28.2	32.6	32.9	39.0	41.8	47.0	49.0	47.0	44.1	43.5	5.6%
Sports betting	45.3	46.4	46.9	49.0	51.1	53.4	55.8	57.8	64.1	65.4	70.2	73.2	82.8	90.2	5.5%
Other activities (Bingo etc.)	3.7	4.7	6.3	8.5	18.9	13.3	9.6	9.5	9.4	9.4	9.4	9.4	9.4	9.3	7.4%
Total	**144.6**	**179.5**	**209.1**	**256.5**	**310.7**	**326.2**	**311.0**	**287.6**	**303.4**	**310.7**	**322.3**	**326.4**	**343.4**	**358.5**	**7.2%**

Source: H2 Gambling Capital Factset

Casino: there are 653 gaming halls in the country as of 2012. The industry is likely to face further contraction and consolidation due to the restrictions introduced by the new Gambling Act, which contains requirements regarding the minimum number of slot machines per hall. As of 2012, there are 26 casinos in Bulgaria. Casinos’ GGY was estimated to have increased to U.S.$84.4 million in 2016 from U.S.$144.6 million in 2003, representing a CAGR of 7.8%.

Lottery games: two key operators, state-owned Bulgarian Sports Totalizator (“BST”) and privately owned Eurochance Ltd (“Eurochance”). BST organizes and conducts lottery games and sports betting under a license granted under the Gambling Act. In Bulgaria, 50.0% of winnings are required to be returned to players in the form of prizes and 15.0% paid in the form of taxes. Lottery GGY was estimated to have grown to U.S.$43.5 million in 2016 from U.S.$21.4 million in 2003, representing a CAGR of 5.6%.

Sports betting: in 2003, Eurofootball was awarded a contract which was extended in 2009 for 10-years, to operate the country’s fixed-odds betting through a network of 900 POS. We acquired a 49% stake in the company in 2002 and installed a new online centralized system throughout the retail network. In 2012, we partnered with Satellite

Information Services Ltd ("SIS") to provide betting shops with access to live SIS broadcasts. Since August 2015 Eurofootball added in its offered games portfolio a new fixed-odds virtual games branded as "Sport Max". Bulgarian sports betting was estimated to have grown to U.S.$90.2 million in 2016 as compared to U.S.$45.3 million in 2003, representing a CAGR of 5.5%.

Gaming machines: Gaming machines' GGY was estimated to have increased to U.S.$131.0 million in 2016 from U.S.$42.4 million in 2003, representing a CAGR of 9.1%.

Jamaica

Overview

Jamaica, with an approximate population of 2.9 million in 2016, has a gaming sector comprising lottery games, sports betting, machine gaming, casinos and online gaming. Total market size by GGY was estimated to have grown to U.S.$26.5 million in 2016 (U.S.$9/capita) from U.S.$26.5 million in 2003, representing a CAGR of 30.9%.

In Jamaica, we provide lottery games, interactive gaming, VLTs and sports betting through our 50.05% ownership in Intralot Caribbean Ventures Ltd ("ICV"), which controls 49.9% of the main gaming operator in Jamaica, Supreme Ventures Ltd ("SVL"). SVL, through its subsidiary, Prime Sports (Jamaica) Limited ("Prime Sports"), holds the exclusive license for lottery games and internet gaming, which has been extended until 2033. Our customers in this jurisdiction are retail players. Competition exists only within the VLT segment, where various other operators participate.

The performance of the Jamaican gaming market across casinos, sports betting and other activities is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR '03-16E
							(US$ millions)								(%)
Casino	0.5	0.9	1.2	1.8	2.3	3.4	4.7	5.8	7.0	7.9	9.2	10.7	12.3	12.9	27.7%
Other activities (Bingo etc.)	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.5	0.8	1.0	1.3	1.8	2.2	2.3	61.9%
Total	**0.8**	**1.4**	**1.9**	**2.7**	**3.8**	**5.8**	**8.7**	**10.8**	**13.2**	**15.3**	**18.3**	**21.8**	**24.5**	**26.5**	**30.9%**

Source: H2 Gambling Capital Factset

Lottery games: SVL has been the sole lottery operator in Jamaica since January 2009.

Gaming machines: SVL holds licenses to operate up to 750 VLTs in Jamaica and operates state-of-the-art gaming facilities.

Casinos: casino GGY was estimated to have grown to U.S.$12.9 million in 2016 from U.S.$0.5 million in 2003, representing a CAGR of 26.7%.

Sports betting: in 2008 we signed a ten-year contract with SVL's subsidiary, Big "A" Track Ltd ("Big A"), to operate fixed-odds betting through a network of SVL-owned and third-party agencies. SVL started offering sports betting services in January 2010. In 2014, as part of the SVL group reorganization, the Big "A" Track Ltd betting operations were transferred to Prime Sports. Prime Sports currently offers Sports Betting through a network of approximately 120 POS.

Other activities: GGY was estimated to have grown to U.S.$2.3 million in 2016 from below U.S.$50,000 in 2003, representing a CAGR of 30.9%.

Argentina

Overview

Argentina, with an approximate population of 43.9 million in 2016, has a gaming sector comprising state-operated lotteries, privately-operated bingo halls (including slot machines), casinos and pari-mutuel horse race betting operations licensed and taxed at the provincial level. Lottery gaming is regulated at the federal and state level. Operations are spread across the country's 23 provinces and the city of Buenos Aires. The country also has an evolving online gaming industry.

Total market size by GGY was estimated to have grown to U.S.$6.6 billion in 2016 (U.S.$149/capita) from U.S.$2.6 billion in 2003, representing a CAGR of 7.2%. Key market trends and developments include the entry of international online bookmakers into the market and additional slot machines being incorporated on horse racing tracks, which is expected to translate into increasing attendance.

In Argentina, where we hold a majority stake in Tecno Accion S.A. ("Tecno Accion"), we cover lottery games, sports betting, interactive gaming and horse racing through technology contracts in 10 of the 23 jurisdictions in the country and we are lottery operators in the province of Salta. In our technology contracts, our key customers are state-operated lotteries and our main competitors are two local companies that provide services to state lotteries in the remaining provinces.

The Argentine market remains a core focus for us as its growth projections are attractive given the relatively low penetration of gaming and the potential introduction of new products, such as numerical and sports betting games.

The performance of the Argentine gaming market across gaming machines, lottery games, casinos, horse racing, sports betting and other activities, such as bingo, is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR '03-16E
							(U.S.$ millions)								(%)
Gaming machines	586.7	727.6	849.4	1228.5	1881.0	1986.3	2363.7	3000.0	3214.6	3287.0	3082.1	2244.0	2103.1	2334.7	11.1%
Lottery games	1397.4	1514.8	1718.7	1728.7	1841.8	2033.6	1838.1	1969.0	2379.9	2525.1	3160.3	2606.6	3089.1	3435.0	7.2%
Casinos	445.7	513.7	554.1	573.6	676.8	739.1	840.0	1009.1	1052.5	1029.9	948.1	660.7	611.7	643.7	2.9%
Horse racing	87.0	95.2	39.0	40.4	47.7	56.6	51.0	55.3	70.0	73.2	55.9	64.6	46.4	51.1	(4.0)%
Sports betting	0.1	0.1	0.1	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.3	0.4	0.4	16.7%
Other activities (Bingo etc.)	128.5	144.4	153.4	153.8	174.0	181.0	160.5	179.6	181.3	174.0	132.2	92.1	84.0	87.8	(2.9)%
Total	**2645.4**	**2995.7**	**3314.6**	**3725.6**	**4621.8**	**4997.2**	**5253.8**	**6213.5**	**6898.8**	**7089.7**	**7379.1**	**5668.3**	**5934.7**	**6552.7**	**7.2%**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates.

Casinos and gaming machines: Argentina has 150 casinos and 70,000 slot machines which by law must have a minimum 85.0% payout rate. The industry is mainly comprised of small casinos and slot halls, many independently owned, focused on the capital and province of Buenos Aires. Gaming machines' GGY was estimated to have grown to U.S.$2.4 billion in 2016 from U.S.$586.7 million in 2003, representing a CAGR of 11.2%. Casinos' GGY was estimated to have grown to U.S.$643.7 million in 2016 from U.S.$445.7 million in 2003, representing a CAGR of 2.9%.

Lottery games: nationwide lotteries in Argentina are run by the government under the Loteria Nacional Sociedad del Estado. Lotteries in the Buenos Aires province are run and overseen by Loteria de la Provincia de Buenos Aires. Lottery games GGY was estimated to have grown to U.S.$3.4 million in 2016 from U.S.$1.4 billion in 2003, representing a CAGR of 7.2%.

Horse racing: there are four racetracks in the country. There are seven bookmakers dedicated exclusively to horse racing in the capital, 57 in the province of Buenos Aires and 29 others across the remainder of the country. These agencies take in between 69.0% and 72.0% of horse racing bets nationwide. Argentine horse racing GGY was estimated to have decreased, with a GGY in 2016 of U.S.$51.1 million as compared to U.S.$87.0 million in 2003, as a result of reduced attendance at racetracks. Following the successful implementation of a racino in the Hipodromo Argentino de Palermo S.A., the installation of additional slot machines in two of the largest tracks in the province of Buenos Aires (San Isidro and La Plata) is expected to increase attendance and reverse this trend.

Sports betting: sports betting is limited in Argentina and largely centers on football. The only officially recognized football gaming product is Pronosticos Deportivos. The other company that allows football betting is a company in the province of Tucaman called Palpitos SRL. Sports betting GGY was estimated to have grown to U.S.$0.4 million in 2016 from U.S.$0.1 million in 2003, representing a CAGR of 16.6%. Sports betting is expected to grow further as the Argentine Football Association is expected to create a system with the national lottery that would expand the number of sales points and allow customers to bet on a larger number of results.

Other/online: individual provinces may authorize online sports betting provided that only local residents are allowed to play. Online gaming is not legal in the country's capital although new regulation is expected and Casino Club S.A. and our company are looking to participate.

Azerbaijan

Overview

The gaming market in Azerbaijan, a country with an approximate population of 9.8 million in 2016, is comprised of sports betting and lotteries.

In Azerbaijan, we operate, manage and develop fixed-odds and pari-mutuel sports betting games as well as provide related services.

The Azerbaijan Ministry of Economic Development regulates the National Lottery and the Azerbaijan Minister of Taxes oversees tax for sports betting. There is a stipulation that a minimum of 50% of sales are returned as prizes. In September 2011, the authorities began a new move against illegal lotteries with equipment being seized from illegal lottery operators.

Sports Betting: Since 2011, Intralot's Turkish subsidiary, Inteltek, had been given approval to help develop and operate fixed-odds and pari-mutuel sports betting in Azerbaijan. Inteltek has a stake of 51% in the company, Azerinteltek, which has an exclusive license to run sports betting for a ten-year period. However, due to delays, sports betting was not launched until 2012. Intralot manages a network of more than 480 POS and has an objective to setup 1,000 points of sale across the country for Sports Betting. In October 2015, the Azerbaijan Minister of Taxes said winnings from sports betting would be taxed at 10% (compared to 6%) from 2016, pending amendments to the tax code which came into effect on January 1, 2016.

Lotteries: Azerbaijan has a national lottery named the Lottery of Azerbaijan (Azerlotereya) which is overseen by the Ministry of Economic Development. Legislation requires that Azerlotereya's games have a minimum payout of 50% as prizes up to a maximum of 80%. In addition to the monopoly national lottery, promotional lotteries run by businesses to advertise their services are allowed in Azerbaijan.

Malta

Overview

Malta, with an approximate population of approximately 415,000 in 2016, has a gaming market comprising sports betting, horse betting, casinos, gaming machines and lottery games. The country is considered to be one of the world's leading remote gaming jurisdictions, having been one of the first EU member states to adopt stand-alone online gaming regulations on May 1, 2004 and allowing online gaming since 2000. As of July 2012, the Lotteries and Gaming Authority ("LGA") has granted 425 licenses to online gaming operators that offer games outside of Malta.

Total market size by GGY was estimated to have grown to approximately U.S.$111.3 million in 2016 (U.S.$268/capita) from approximately U.S.$58.8 million in 2003, representing a CAGR of 5.0%.

In Malta, we provide games through Maltco Lotteries Limited ("Maltco") including the Grand Lottery, Super 5 and Lotto, as well as U*BET Sports Betting and Horse Racing, Quick Keno, Bingo 75, Fast Bingo and Scratchers Instant Tickets, among others. Our customers in this jurisdiction are retail players.

The performance of the Maltese gaming market across casinos, lottery games, gaming machines, sports betting and other activities is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	CAGR '03-15
							(U.S.$ millions)								(%)
Casinos	28.0	28.7	30.7	32.6	35.2	37.9	38.0	41.2	43.5	43.1	39.7	41.0	43.9	46.9	4.1%
Lottery games	28.6	28.0	29.4	30.5	32.2	33.9	33.9	36.0	37.4	37.3	36.5	38.3	37.4	41.1	2.8%
Gaming machines	—	—	—	—	—	—	4.3	4.7	4.9	5.2	6.1	6.4	6.5	7.2	n.a.
Other activities (Bingo etc.)	1.0	1.4	1.6	1.9	2.3	2.8	2.8	3.6	4.2	3.8	3.5	3.3	3.5	3.4	9.8%
Total	58.8	59.4	63.4	67.2	72.1	77.1	84.9	91.4	96.0	95.7	92.5	97.7	101.7	111.3	5.0%

Source: H2 Gambling Capital Factset

Casinos: there are four casinos licensed to operate in Malta: Oracle Casino, Casino Potromaso, Dragonara Casino and Casino Malta. Oracle Casino and Casino Portomaso are operated by domestic real estate and leisure holding company Tumas Group Ltd ("Tumas"), while Dragonara Casino, the third casino to be awarded an operating license in Malta, is run by the French casino operator Lucien Barriere S.A. ("LB"). Casino Malta was operated by Olympic Entertainment Group on behalf of its owners Eden Leisure Gaming. Casinos' GGY was estimated to have grown to U.S.$46.9 million in 2016 from U.S.$28.0 million in 2003, representing a CAGR of 4.1%.

Lottery games: the national lottery of Malta is operated by Maltco, in which we have a 73.0% stake. In July 2012, Maltco obtained a renewal of its ten-year concession to operate the national lottery. Lottery games GGY was estimated to have grown to U.S.$41.1 million in 2016 from U.S.$28.6 million in 2003, representing a CAGR of 2.8%.

Gaming machines: a developed sector that historically exhibited significant growth due to the lack of a comprehensive regulatory framework. This prompted the enactment of the Gaming Devices Regulation in May 2011 to control the future development of the sector within a well-defined framework. Gaming machines' GGY was estimated to have grown to U.S.$7.2 million in 2016 from U.S.$4.3 million in 2009, representing a CAGR of 7.6%.

Horse racing: Maltco also offers betting on Swedish horse races through Swedish operator ATG, GBI British and Irish Horseracing and PHUMELELA African and Asian Horse Racing.

Bingo: commercial bingo is very popular in Malta, home to four operators: Embassy Entertainment, Main Street, Fair Play (Qawra), and Preluna Bingo. Other activities GGY, including bingo, was estimated to have grown to U.S.$1.0 million in 2016 from U.S.$0.8 million in 2003, representing a CAGR of 9.8%.

Online: one of the world's leading remote gaming jurisdictions by number of licenses issued. Operators include Betfair International Plc ("Betfair"), Betsson Malta Ltd ("Betsson"), Unibet International Ltd ("Unibet"), Expekt.com Ltd ("Expekt") and Interwetten Malta Ltd ("Interwetten"). As a remote gaming hub, Malta's gaming market is prone to be affected by developments at both the European and single country level.

Greece

Overview

Greece, with an approximate population of 10.8 million in 2016, has a gaming market comprising casinos, lottery games and sports betting. With an estimated GGY of U.S.$2.1 billion in 2016 (U.S.$194/capita), the per-capita gaming market expenditure in Greece is among the highest in the world.

From 2003 to 2008, the Greek GGY grew by 18.4% per year from U.S.$1.7 billion to U.S.$3.9 billion driven by (i) the modernization and upgrade of the retail network; (ii) the development and introduction of new games, mainly sports betting and KENO; and (iii) stricter control on illegal gaming. Greek GGY has since been impacted by the economic downturn and is estimated to have reached U.S.$2.1 billion in 2016. According to GBGC, total growth in GGY was forecast to be below historical levels.

In Greece, we have an IT contract with OPAP, which expires on July 30, 2018, for the implementation of new data centers, the provision of hardware and system software, as well as services for the operation, maintenance, technical support and system evolution. Also a joint venture owned by Intralot, OPAP and Scientific Games has signed a 12-year exclusive license contract with the Hellenic Republic Asset Development Fund, which expires in 2026, for the production, operation, circulation, promotion and management of the Hellenic State Lotteries in Greece. The concession covers passive lottery tickets and instant lotteries using physical tickets.

The performance of the Greek gaming market across lottery games, casinos, sports betting and horse racing summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR '03-16E
							(US$ millions)								(%)
Lottery games	391.6	785.5	1,053.0	1,162.0	1,490.0	1,778.0	1,736.0	1,417.0	1,328.0	1,145.0	1,130.0	1,253.0	1,051.0	990.9	7.4%
Casinos	658.7	753.6	784.7	864.0	1,058.0	1,091.0	872.1	665.5	590.6	424.9	417.7	406.3	340.6	335.6	(5.1)%
Sports betting	574.4	609.3	562.8	880.8	899.7	984.6	857.2	801.2	726.7	569.9	643.4	919.4	737.0	742.3	2.0%
Horse racing	72.2	81.6	80.2	84.8	77.1	87.1	72.6	50.9	38.6	26.1	21.0	6.8	3.8	4.1	(19.8)%
Total	**1,696.9**	**2,230.0**	**2,480.7**	**2,991.6**	**3,524.8**	**3,940.7**	**3,537.9**	**2,934.6**	**2,683.9**	**2,165.9**	**2,212.1**	**2,585.5**	**2,132.4**	**2,072.9**	**1.6%**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates.

Lottery games: are very popular in Greece, with the game KENO representing up to 85% of lottery games GGY. Two companies offer lottery games in Greece, state-owned Hellenic State Lotteries and OPAP. The Greek state concluded the privatization process of OPAP in May 2013 through the disposal of 33% of its 34% stake to Emma Delta Ltd ("Emma Delta"). OPAP has approximately 5,300 sales agents in Greece and offers eight numerical lottery games. Lottery games GGY was estimated to have grown to U.S.$990.9 million in 2016 from U.S.$391.6 million in 2003, representing a CAGR of 7.4%.

Casinos: nine casinos are currently in operation. Casinos' GGY in 2016 was estimated to have fallen to below 2003 levels, having peaked in 2008. The development of the sector has been affected by a drop in casino attendance as a result of a decrease in disposable income and competition from casino operators in neighboring countries (e.g. from the Republic of Macedonia).

Sports betting: includes fixed-odds sports betting as well as sports pool games. OPAP is the sole operator and holds the license until 2030. Sports betting GGY was estimated to have grown to U.S.$742.3 billion in 2016 since U.S.$574.4 million in 2001, representing a CAGR of 2.0%.

Horse racing: includes traditional horse race betting which can be carried out in dedicated shops and corners or online. In 2015, the Hellenic Republic Asset Development Fund (HRADF), following a tender process, granted a 20-year exclusive license to organize and conduct horse races mutual betting to "Horse Races S.A.", a 100% subsidiary of "OPAP Investments Ltd" in the land-based Points of Sale while the similar right to organize and conduct horse races mutual betting through internet enjoys exclusivity until October 12, 2020.

Gaming machines: in 2011, OPAP was awarded an exclusive 10-year license to introduce 35,000 VLTs in the Greek gaming market. OPAP will operate 16,500 VLT machines on its own, and is expected to subcontract the remaining 18,500.

Italy

Overview

Italy, which has an approximate population of 60.6 million, has a gaming market comprising state-run casinos and privately-run lotteries, gaming machines, sports betting, bingo halls and interactive games. Italy is estimated to have the largest gaming market in Europe with a total GGY of U.S.$19.8 billion in 2016 (U.S.$326/capita). The country is considered as a model in terms of gaming liberalization and regulation.

Since 2001, the Italian gaming market has experienced strong growth through the majority of its segments driven by (i) the liberalization of the market with the legalization of online gaming and the introduction of VLTs; (ii) the modernization and upgrade of the retail network; (iii) the development of new product offerings as well as an increase in average payout ratios from 68.0% in 2007 to approximately 80.0% in 2013; and (iv) more stringent control on illegal gaming. The market has grown from U.S.$7.2 billion in 2003 to an estimated U.S.$19.8 billion in 2016, representing a CAGR of 8.1%. The following trends are expected to shape the Italian market going forward: (i) further consolidation of the Italian gaming market and retail network; (ii) development and expansion of the online gaming market; and (iii) continued introduction of innovative products.

On June 27, 2016, we completed the merger of our Italian activities with those of Gamenet S.p.A. Following the completion of the transaction and the approval of the competent Competition Authority, we control 20% of the combined operations of Gamenet Group S.p.A., with a network of over 800 POS (which will continue to use Intralot's brand name), approximately 8,500 VLTs, over 45,000 AWPs and more than 60 directly owned and managed gaming halls.

The performance of the Italian gaming market across gaming machines, lottery games, casinos, sports betting, horse racing and other activities, such as bingo, is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	CAGR '03-16E
							(U.S.$ billions)								(%)
Casinos	0.6	0.7	0.6	0.6	0.7	0.8	1.0	1.1	1.2	1.1	1.0	1.0	0.9	1.0	3.8%
Gaming machines	0.1	1.1	2.9	3.9	5.1	6.4	7.1	8.1	13.0	13.2	12.5	12.3	10.8	10.7	45.4%
Lottery games	4.7	7.4	5.7	6.3	8.1	9.6	10.2	8.9	9.9	7.6	7.5	7.2	6.1	5.9	1.9%
Horse racing	1.0	1.1	1.0	1.1	1.1	1.0	0.8	0.7	0.6	0.4	0.3	0.3	0.2	0.2	(12.6)%
Sports betting	0.4	0.5	0.5	0.7	0.9	1.4	1.3	1.3	1.3	0.9	1.0	1.3	1.1	1.4	9.6%
Other activities (Bingo etc.)	0.4	0.5	0.5	0.6	0.7	0.7	0.6	0.7	0.7	0.7	0.8	0.7	0.5	0.6	3.0%
Total	**7.2**	**11.4**	**11.3**	**13.3**	**16.6**	**19.8**	**21.1**	**20.7**	**26.6**	**24.0**	**23.2**	**22.8**	**19.5**	**19.8**	**8.1%**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates

Gaming machines: comprise VLTs and AWPs. VLTs are located in gaming halls, licensed betting offices or dedicated machine halls. AWPs are located in bars, cafes and gaming halls. According to AAMS, there were 50,985 VLTs and 363,173 AWPs installed in Italy as of January 2015. The similarity of product offerings has meant that AWPs face product substitution in favor of VLTs. Gaming machines' GGY was estimated to have amounted to U.S.$10.7 billion in 2016 and has grown from U.S.$82 million in 2003, representing a CAGR of 45.4%.

Lottery games: the most traditional segment of the gaming market and one that has historically attracted the largest number of players. Lottery games can be played in shops and corners as well as gaming halls. Key products include instant lotteries, Lotto and National Totalizator Number Games. The lottery market is the most stable and concentrated segment. Lottery games GGY was estimated to have grown to U.S.$5.9 billion in 2016 from U.S.$4.7 billion in 2003, representing a CAGR of 1.9%.

Casinos: there are four casinos in Italy, all of which are state-operated. Although their exclusivity has historically ensured high revenues per casino, aggregate revenue has been declining since 2008. With almost 60% of casino spending originating from slots located on the premises, the business model is exposed to the nationwide proliferation of mini-casinos. Casinos' GGY was estimated to have grown to U.S.$1.0 billion in 2016 from U.S.$611 million in 2001, representing a CAGR of 3.8%.

Sports betting: includes fixed-odds sports betting as well as sport pool games. Sports betting takes place through a dedicated retail network (betting shops and corners) and online. Sports betting GGY was estimated to have grown to U.S.$1.4 billion in 2016 from U.S.$421 million in 2003, representing a CAGR of 9.6%.

Horse racing: includes traditional horse race betting which can be carried out in dedicated shops and corners or online. GGY from horse betting has significantly declined since 2007, mainly driven by players switching to other betting games. Additionally, horse betting is subject to high taxes on turnover, which reduces the payout to players. Horse racing GGY was estimated to have decreased to U.S.$174 million in 2016 from U.S.$1.0 billion in 2003, representing a negative CAGR of 12.6%.

Bingo: played in dedicated halls or online. Although legalized in 2000, it remains a fragmented and local sector. The bingo market has struggled in recent years and in 2009, AAMS intervened and implemented temporary provisions to allow operators to increase pay-out (from 58.0% to 70.0%) and reduce the turnover tax rate from 24.0% to 12.0%.

Interactive gaming: has experienced strong growth since being legalized in 2005, and has expanded from sports betting into poker and casino activities. The online games market is highly fragmented with local and international companies competing through a wide range of offerings. The key players, in addition to our company, are Microgame S.p.A ("Microgame"), IGT, Snai S.p.A. ("Snai") and GVC.

Peru

Overview

Peru, with an approximate population of 31.8 million in 2016, has a gaming market comprising casinos, machine games, lottery games, horse racing and sports betting. The casino and VLT segments of the industry have benefited from an increase in international tourists over the last ten-years as well as several reforms to the casino and slot machines legal framework, which has created a more competitive and attractive market for operators. Local operators continue to dominate the Peruvian casino and slots market, although there has been a growing presence of international operators in recent years.

The market has seen strong growth since 2003, primarily driven by casinos and gaming machines which have benefitted from foreign investment. Total market size by GGY was estimated to have grown to U.S.$609.9 million in 2016 (U.S.$19/capita) from U.S.$126.9 million in 2003, representing a CAGR of 12.8%. Going forward, total growth in GGY was forecast to continue to grow but below historical levels.

In 2016, we sold 80% of the shares of Intralot Peru, our wholly owned subsidiary in Peru, to Nexus Group. We continue to be Intralot Peru's technological provider. Intralot Peru operates numerical games and sports betting in the country online and through a network of 3,700 POS.

The performance of the Peruvian gaming market across casinos, gaming machines, lottery games, horse racing, sports betting and other activities, such as bingo, is summarized below:

GGY by product	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	CAGR '03-16E
							(U.S.$ millions)								(%)
Casinos	96.2	99.3	101.9	104.8	214.8	278.3	355.5	444.3	464.3	494.5	534.0	545.3	588.6	636.3	15.64%
Gaming machines	24.1	25.5	26.2	27.8	59.7	71.7	99.6	121.8	128.5	132.9	136.2	138.6	142.6	154.0	15.35%
Lottery games	17.0	18.2	19.5	20.5	22.8	25.0	27.0	32.6	36.6	45.1	48.1	62.3	61.8	64.3	10.80%
Horse racing	5.6	5.4	6.5	7.9	8.7	9.5	8.4	8.6	10.7	10.8	10.4	11.7	9.5	8.8	3.48%
Sports betting	2.5	2.3	2.7	2.6	2.7	3.2	3.1	3.6	3.9	4.3	4.6	4.9	5.2	5.4	6.13%
Other activities (Bingo etc.)	3.2	3.3	3.4	3.5	3.6	3.7	3.6	3.4	3.1	3.2	3.3	3.1	3.1	3.1	−0.10%
Total	**126.9**	**170.2**	**201.1**	**223.0**	**284.9**	**347.9**	**343.8**	**417.1**	**477.1**	**500.8**	**546.8**	**559.0**	**574.9**	**609.9**	**12.84%**

Source: GBGC Key Markets Gambling Data, in which numbers for 2016 are estimates.

Casinos: the number of casinos has grown rapidly over the last decade primarily as a result of the enactment of a gaming law in 1994. As of June 2015, there were 17 casinos in Peru, most of them operating in the city of Lima, although casino projects have also been developed in smaller cities. Local operators dominate the Peruvian casino market, but international players have entered the market through investments in or joint ventures with local businesses. Casinos' GGY was estimated to have grown to U.S.$636.3 million in 2016 from U.S.$96.2 million in 2003, representing a CAGR of 15.6%.

Gaming machines: according to the Direccion de Juegos de Casino y Maquinas Tragamonedas, there are around 70,000 slot machines in approximately 722 venues as of June 2015. By regulation, venues have to be located in casinos within three- to five-star hotels or five fork restaurants. Slot machines may be operated in any other type of establishment. Gaming machines' GGY was estimated to have grown to U.S.$154.0 million in 2016 from U.S.$24.1 million in 2003, representing a CAGR of 15.4%.

Lottery games: Intralot Peru operates lottery games and sports betting in the country. The company offers an established product suite (e.g. Tinka, Kabala, Rapitinkas, Juega 3) as well as an online lottery and electronic games. In order to appeal to a wider audience, we have introduced mobile phone text games and a game linked to horse racing. Lottery games GGY was estimated to have grown to U.S.$64.3 million in 2016 from U.S.$17.0 million in 2003, representing a CAGR of 10.8%.

Horse racing: there are two horse tracks in Peru, one in the city of Arequipa and another one in Lima. The segment has slowly recovered from low levels in 2004, in terms of both visitor numbers and bets made at the track. Since then, The Jockey Club of Perú relaunched the pari-mutuel horseracing game Polla & Pollon in conjunction with Intralot Peru in April 2012 and announced the intention to open a casino at the Hipodromo de Monterrico. Horse racing GGY was estimated to have grown to U.S.$8.8 million in 2016 from U.S.$5.6 million in 2003, representing a CAGR of 3.5%.

Sports betting: GGY was estimated to have grown to U.S.$5.4 million in 2016 from U.S.$2.5 million in 2003, representing a CAGR of 6.1%. Intralot Peru is one of the leading sports-betting operators in the country. Offshore gaming operators have also entered the sports betting Peruvian market.

BUSINESS

Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate and support customized software and hardware for the gaming industry, providing technology and management services to state and state-licensed lottery and gaming organizations worldwide. Since our establishment 25 years ago, we have developed innovative technology for the gaming industry and acquired extensive operating know-how and experience. Both the quality and innovation of our technology and our operating experience are central to maintaining our existing customer relationships and winning new contracts. We proactively manage a diversified and stable portfolio of 87 contracts and licenses across 52 jurisdictions.

Our operations are structured across three main business activities: (i) technology and support services; (ii) management services; and (iii) licensed operations. Our technology and support service activities include the provision of equipment, software and maintenance and support services to lottery and gaming organizations, often under long-term contracts. We currently manage 56 individual technology and support services contracts across 40 jurisdictions. Our management business activities include the day-to-day management of operations, marketing services, sales network and risk management/odds setting for gaming and sports betting organizations. We currently operate five management contracts. Under these contracts, the customer is the license holder and remains responsible for frontline tasks, cash management and approvals and compliance with regulatory controls. Through our licensed operations, we are the license holder either directly or indirectly and we are responsible for all aspects of a gaming operation, including the selection and provision of technology, as well as the ongoing support and the management of the operations. We currently operate 26 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 13 jurisdictions.

In the last twelve months ended June 30, 2017, we had revenue of € 1,419.9 million and EBITDA of €179.0 million, on a fully consolidated basis for companies that we control, although such effective control is not necessarily combined with majority economic ownership in all of those companies. See "Presentation of Financial and Other Information." In the three years ended December 31, 2014, 2015 and 2016, we had revenue of €1,853.1 million, €1,914.9 million and €1,323.6 million, respectively, and EBITDA of €175.4 million, € 177.2 million and €175.8 million, respectively. As of June 30, 2017, we had net debt of €516.8 million, and a market capitalization of €184.4 million as of September 13, 2017 (source: Athens Exchange S.A.). In addition, as of June 30, 2017, we had 5,168 full-time employees.

Our Strengths

Our global presence, proprietary technology and track record of innovation have led us to become a market leader in the gaming sector and create significant barriers for new entrants

Attractive Target Market Dynamics

We operate in a large and growing global market for gaming activities of all kinds. In 2016, global GGR, grew to €348 billion from €340 billion in 2015, and are presently estimated to reach €420 billion by 2022, primarily due to continued liberalization of markets, further privitizations of state-owned lotteries and the continued and accelerating convergence of physical and online or interactive gaming. This trend of growth is presently expected to continue, as global GGR is presently estimated to grow at a CAGR of 3.1% from 2016 through 2022, according to GBGC.

Similarly, the global lottery market has experienced notable stability and resilience, posting consistent growth in GGR since 2011. Worldwide lottery GGR exceeded €107 billion in 2016, posting a 1.2% CAGR since 2011, and is estimated to continue growing at a 3.8% CAGR between 2016 and 2022, reaching a level of over €135 billion by 2022, according to GBGC.

Leading Proprietary Technology and Track Record of Innovation Provide a Secure and Defensible Market Position

We believe that our significant and 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 the majority of the highly regulated markets in which we operate. We entered the United States in 2001 and have since grown our U.S. operations to include contracts in 11 states and the District of Columbia, which we believe demonstrates the value of our products and services. As of June 30, 2017, we enjoyed a leading market position in the technology and support services market for lotteries in the United States with a 24% share of the market (by number of total state lotteries) and a population coverage of approximately 45 million people. Since 2013, we have won 42% of the international tenders in which we participated, which we believe demonstrates our continued track record of success. We believe our established presence, significant market share and position as the single licensed operator in many of our markets pose significant barriers to entry for new entrants.

We hold approximately 144 patents in gaming technology and we test numerous gaming concepts across our business activities annually to remain competitive in the latest games and concepts for the players. Our leading development capabilities also allow us to provide innovative and technologically advanced services across our three core business activities.

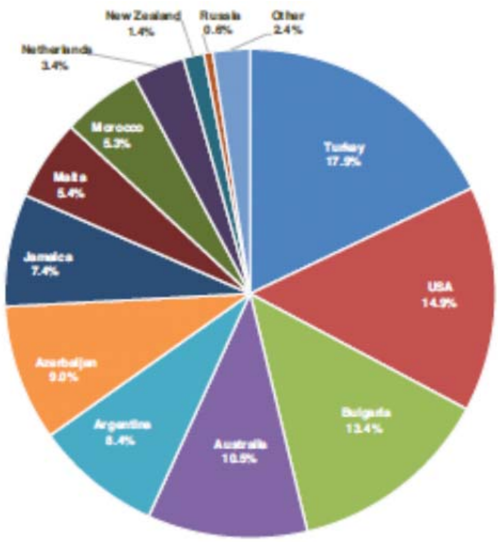
We also believe that our leading technology and R&D capabilities enable us to effectively compete with other technology providers and developers, decrease capital expenditures and upfront costs as well as reduce on-going maintenance costs. We spent € 18.1 million, €18.0 million and €14.8 million on R&D in 2014, 2015 and 2016, respectively. In each of those 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.

The management and information systems we operate ensure compliance with industry standards and allow us to succeed in a highly regulated and competitive market, a success also highlighted by the important certifications we have received throughout our years in operation. We were the first international vendor to be awarded the Security Control Standards certification by the World Lottery Association, an award received by only a few vendors globally, which is an important distinction between us and our competitors. Accordingly, we were the first vendor to reach an ISO 20000 certification, and the World Lottery Association has also awarded us the Gaming Framework Certification. Among others, we hold the ISO 20000-1 certification on service management, the ISO 9001 certification on quality management and the ISO 14001 certification on environmental controls. We believe that our focus on data protection, game integrity and service quality towards our players and other stakeholders, will allow us to grow and retain our significant market position.

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 carried out across a large number of different countries. We have operations in 52 jurisdictions on five continents and in the last twelve months ended June 30, 2017, no single country represented more than 20.7% of our EBITDA, and no single contract represented more than 13.2% of our EBITDA.

EBITDA by Geography in the last twelve months ended June 30, 2017(1)



(1) Countries with negative EBITDA have been excluded from the chart

In the last twelve months ended June 30, 2017, our total positive EBITDA (excluding countries with negative EBITDA) reached €207.0 million. 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 that country. In the last twelve months ended June 30, 2017, Greece represented only 2.5% of our revenue. 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 in countries that typically achieve higher GDP growth) we have the opportunity to achieve higher 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: 56 technology and support services contracts, which comprised 30.1% of our revenue net of payout during the last twelve months ended June 30, 2017; five management contracts, which comprised 15.7% of our revenue net of payout during the same period; and 26 licenses, which comprised 54.2% of our revenue net of payout during the same period.

Highly Visible Recurring Revenues and Cashflows

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). For instance our multi-year contracts in the US have an average contract maturity of 7.4 years. The terms of our 56 technology and support services contracts range from 0.7 to 20.3 years, with an average remaining contract length (as of June 30, 2017, giving effect to contracts entered into as of the date of this Listing Prospectus) of 4.9 years (or 6.3 years taking into account certain of our customers' renewal options). The terms of our five management contracts have an average remaining contract length (as of June 30, 2017, giving effect to contracts entered into as of the date of this Listing Prospectus) of 2.4 years. During the period from 2006 to 2016, 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, as demonstrated by our recent contract renewals and extensions in the United States. Since 2008, we have successfully renewed or extended approximately 90% of our USA 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 and with the Pacific Online Systems Corporation in connection with the operation of the games of the Philippines Charity Sweepstakes Office. In the six months ended June 30, 2017, we successfully launched our ten year contract with the State Lottery organization in Chile and signed a ten year contract with Idaho state lottery and also executed extensions with Ohio, Vermont and Arkansas state lotteries.

In addition to our exceptional product technology and service offerings, our track record of renewal is also supported by the fact that it is difficult for clients to switch technology or service providers due to high start-up expense in on-boarding new technology and replacing equipment (central systems and POS). Because the process to switch providers is lengthy and expensive, requiring advanced investment from a competitor in time, technology and equipment, we believe that we are ordinarily able to identify well in advance when a contract will not be renewed. In 2018, two contracts are up for renewal in Morocco and Turkey (Inteltek), which contributed 6.1% and 13.2%, respectively, to EBITDA in the last twelve months ended June 30, 2017. Given our strong track record of renewal and based our experience in these jurisdictions, including previously renewing our contracts in Morocco and Turkey, we reasonably expect that these contracts will be renewed in 2018. However, no assurances can be made that such renewals or extensions will actually occur.

Highly Scalable Asset-Light Operating Model

Our proprietary technology and expertise, along with our flexible operational model, allow us to create standardized products which can later be individually adapted for distribution. These technologies and operational capabilities reduce our costs. Additionally, our track record of successfully partnering with strong local operators has improved our ability to expand our global reach while minimizing required capital deployment, and leveraging local expertise and existing business relationships to drive synergies and operating efficiencies.

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. We have a lean-organizational structure characterized by a highly-variable cost structure which we believe helps to mitigate possible top-line revenue pressure. Variable costs represented 84.5% of total operating costs in the last twelve months ended June 30, 2017. Since the asset-light operating model has a highly variable cost base, we are able to scale our operations to meet customer demand and preserve our EBITDA margin.

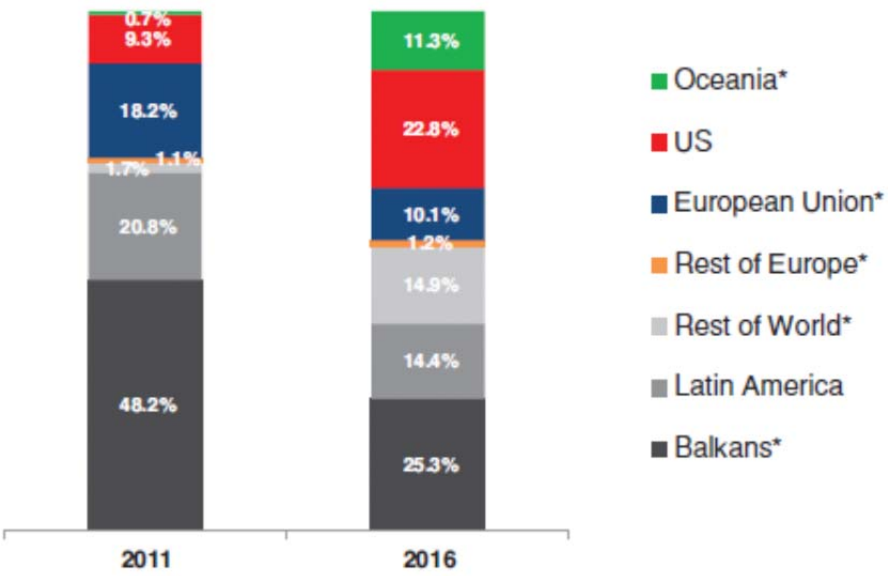
In addition, our scalable business model is supported by our advanced IT platform which allows us to optimize product development by minimizing customization requirements during development while at the same time providing for further product adaptation ("micro tailoring") upon distribution, making our product offering more adaptable. Our adaptable model 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 based and interactive channels while 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 through our local partners' relationships. 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. During the first half of 2016, we completed the business combination of our Italian activities with those of Gamenet, following which we obtained a 20% interest in the combined company. The new combined company is one of the largest operators in the Italian gaming market with a network of approximately 750 betting POS which will use the Intralot brand name and more than 60 directly owned and managed gaming halls. In addition, in November 2016, we sold an 80% stake in our Peru operations to a local partner, providing us with near-term liquidity and ongoing strategic benefits from partnering with an established local multi-format retail operator with leading supermarket and retail pharmacy businesses.

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 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, as well as refocused the jurisdictions in which we operate.

The following diagram sets forth our EBITDA evolution by geographic area for the years ended December 31, 2011 and 2016.



* Rest of Europe includes Russia and Moldova; Rest of World includes Azerbaijan, South Korea, China, South Africa, Morocco; Balkans includes Greece, Turkey, Bulgaria, Croatia, Romania, Serbia, and Cyrpus; European Union excludes the European Union countries included under the Balkans; and Oceania includes Australia and New Zealand.

Since 2011, management has begun shifting our operations from the greater Balkan region to more advanced economies, such as the United States, Oceania and the European Union (which for the purposes of the following calculation excludes the European Union countries included under the Balkans, which we define as Greece, Turkey, Bulgaria, Croatia, Romania, Serbia and Cyprus). In the year ended December 31, 2016, the United States, Oceania and the European Union represented 44.2% of our EBITDA, compared to 28.2% in the year ended December 31, 2011.

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. In addition, our contract management policy promotes the strategic consideration of potential as well as existing contracts to optimize cash generation.

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 41.0% of our total revenue for the last twelve months ended June 30, 2017, and we have a long track record of successfully managing payout risk. See "Business—Services—Sports Betting Risk Management and Footprint." We also enter into risk exchange agreements with major international betting operators when possible to further reduce our exposure to any one 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 Lotos. In August 2008, we became the first international lottery vendor to be certified according to the World Lottery Association Security Control Standard.

Strong and growing presence in the United States, driven by proactive client management and leading product and technology offerings

Proactive client management leading to increased revenues

The United States has become a key jurisdiction for our Group and a key part of our future growth strategy. Apart from our success in this region, the United States represents a large and attractive market, with advanced and stable regulatory frameworks and a long tradition in promoting and regulating profitable gaming operations. According to GBGC, GGR in the United States was $109.3 billion in 2016. To capitalize on this market, we have undergone rapid growth in the United States since 2015, whereby we have embarked on an aggressive strategy that involves increasing revenue on contracts through procurement processes, extending contracts where possible and profitable, and adding new contracts. As contracts with states such as Idaho, New Mexico, and Montana have matured from initial procurements (approximately ten years ago), we have succeeded in winning new procurements in the last twenty-four months ended June 30, 2017 at rates that are on average 40% higher than the rates on contracts procured prior to this period. This success has been driven by our proactive portfolio management whereby we examine and speak with our customers in order to better understand their needs in today's ever-changing, revenue-driven economy. This type of engagement has typically led to contract extensions and increased revenue opportunities with current customers. Examples of these successes include Arkansas (extended to 2026), Ohio (extended to 2027), Ohio CSP (extended to 2019), and Vermont (extended to 2020), and we are currently in extension negotiations with New Hampshire, Louisiana, and Wyoming. In addition, we have transitioned from a technology-driven organization to a marketing-driven organization, which we believe has allowed us to obtain key new client wins. We continue to add to our portfolio by positioning ourselves not as a commodity-driven business, but rather as a valued business partner.

As one of three primary competitors in the U.S. lottery industry, innovation is critical and Intralot continues to be a leader. Intralot has led the industry in the last three state lottery start-ups, establishing the Arkansas Lottery, Wyoming lottery, and Georgia Coin Operated Amusement Machines (approximately 21,000 devices) and not only selling in record time but sustaining and increasing sales since initiation. Intralot has also successfully passed to the fourth stage of the Illinois lottery bidding process along with Camelot and is on target to add another major U.S. lottery contract in the near future.

Leading product and technology offerings

The lottery gaming landscape is changing, and we have positioned ourselves to not only assist our customers through this change, but to lead the industry in adapting to this change. As a marketing-driven organization, we believe that we lead the entire U.S. lottery industry in re-examining lottery gaming portfolios and conducting extensive portfolio analysis, each of which has enhanced our product offering and our ability to earn new client wins. For example, we have become the industry expert in the fastest-growing lottery gaming content channel, "Instant Online Games"—in 2017, we expect that our customers will sell over $150 million in what was barely identified as a category as recently as 2011.

Furthermore, we continue to set the pace for the industry as the recognized self—service leader. In growing our self-service portfolio, we will soon debut an industry leading 30-Bin Instant Ticket Vending Machine. Our multi-purpose vending machine (which is currently deployed in four U.S. states, with the possibility of adding four more states by 2018) will record collectively over $400 million in sales this year on nearly 5,000 devices. The multi-purpose machine is designed as the anchor for the innovative, rapidly growing, server-based system that not only carries state of the art digital gaming content that appeals to all ages, but also carries the classic lottery games that customers already know and love. This technology has placed us at the forefront for providing every U.S. lottery jurisdiction the ability to have several server-based systems providing different content to lottery players in distribution channels that previously have either not been used before or not used to their full capacity.

Our Strategies

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 and Greece. As of July 31, 2017, we held approximately 144 patents in gaming technology. See "—Intellectual Property." 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. See "—Our Products and Services—Products—LOTOS Gaming Platform." Our LOTOS gaming platform is a characteristic example of our innovative approach to attract new players through the adoption and implementation of recently developed technologies. Its service-oriented philosophy and modular architecture, in addition to its distinctive third party integration, allows us to provide our players with a uniquely personalized gaming experience. Accordingly, its support for online, mobile and retail channels ensures higher player activity and increased business opportunities for Intralot.

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 applications.

A recent Intralot invention which we consider to be one of the most innovative technologies in the gaming industry is the "Icon Digital Camera Technology" (patent granted, application number US8587663 B2). This camera scanning technology eliminates certain moving parts in terminals and increases POS reliability. The technology has been deployed to approximately 30,000 agents in the US and worldwide by helping to decrease operational expenditure and overall cost of an operator's ownership.

We are also continually committed to maintaining our technological leadership and growing our best-in-class product offerings. In early 2017, we developed and launched our Pulse family of products, a player- and retailer-centric suite of solutions designed to manage the gaming ecosystem, increase performance and reduce operating costs. Pulse will include customer relationship management (CRM) tools to drive player tracking, management and engagement while offering retailers robust content and management solutions. We have also recently announced our partnership with Amelco, a leading online sportsbook platform, to jointly 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 sports betting product will build upon Amelco's flexible and scalable core sportsbook platform, which is already used by a range of top-tier operators. The new platform is expected to launch in the first half year of 2018, offering a strong competitive advantage in a fast growing sports betting market.

Focus on establishing strong local 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 the establishment of new partnerships. We believe partnerships 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. This also allows us to share financial and operational risk, reduce capital expenditure and improve access to local funding. The following is a list of our local partners, the results for which are fully consolidated in our financial statements, and their EBITDA contribution for the last twelve months ended June 30, 2017:

Local Partnerships

Country	**INTRALOT effective stake**	**Contract type**	**EBITDA contribution in the last twelve months ended June 30, 2017***
Turkey (Inteltek)...................	45.00%	Management contract	13%
Turkey (Bilyoner).................	50.01%	Management contract	8%
Bulgaria (Eurofootball Group)...............................	49.00% + option for additional 2.00%	Licensed operation	12%
Bulgaria (Eurobet Group).....	49.00% + option for additional 2.00%	Licensed operation	3%
Azerbaijan.............................	22.95%	Licensed operation	10%
Jamaica	24.97%	Licensed operation	9%
Argentina	50.01%	12 facilities management (IT) contracts with state lottery operators and one licensed operation	10%
Total....................................			**65%**

* For purposes of this table, EBITDA contribution is calculated as a percentage of total Intralot Group EBITDA, including countries with a negative EBITDA

We derive further benefits from dividend streams, particularly with local partners whose results are not fully consolidated in our financial statements (such as our Italian operations and the operations of Intralot Peru), 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. For example, in Turkey we partner with Turkcell, a leading telecommunications provider, and in Italy we entered into a partnership with Gamenet, creating one of the largest local gaming companies.

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. Furthermore, by partnering with well-established and capitalized local partners we will be able to minimize future required capital deployment without hindering our ability to compete for and win new contracts and tenders.

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 certain of our contracts in the Czech Republic, Australia and Russia. 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 the year ended December 31, 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 de-lever our business, with a target net leverage ratio below 2.0x within the next few years, 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 local partnerships, 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 subsidiaries where we hold a minority stake which, along with the cash proceeds from recent divestments, can be used to further reduce our debt. In addition, we seek to maintain a conservative financial policy focused 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. In addition, we intend to have a disciplined capital expenditure policy in regards to undertaking projects that meet our investment-returns criteria. Maintenance capital expenditure for the years ended December 31, 2015 and 2016 and for the six months ended June 30, 2017 were €29.3 million, € 26.8 million and €11.9 million, respectively. We expect our maintenance capital expenditure to be in line with previous years. Any additional capital expenditure is expected to depend on contract renewals or growth.

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.

Our History

Our company, Intralot S.A., was incorporated in Athens, Greece on August 6, 1992. We won our first domestic contract (for scratch tickets) in 1993 and our first international contract (in Romania) in 1994. The Greek scratch ticket contract was renewed in 1998. In 1999, Intralot S.A. was listed on the Athens Exchange S.A. (the "Athens Exchange"). By 2003, we expanded beyond Europe to Chile and Peru and, in 2003, entered the U.S. market.

Between 2006 and 2010, we went through a significant expansionary period, growing our footprint from 14 jurisdictions in 2006 to 52 jurisdictions in 2017. During that time we also started operations in the liberalized Italian betting market. Since 2013, we have won a number of contracts internationally, including importantly the contracts in Taiwan, Greece, South Korea, Ireland and the US (in Wyoming and Georgia). In July 2015, Intralot acquired a stake in Bit8, a gaming software company that has developed an online gaming platform based on proprietary artificial intelligence technology. After further exercising call options, we currently hold a 39% stake with an option to purchase an additional 21%. On June 27, 2016, we completed the business combination of our Italian activities with those of Gamenet, following which we control a 20% of the combined operations held by Gamenet Group S.p.A, creating one of the largest concessionaires of VLT, AWP, betting and online gaming in Italy. In addition, on July 2016, we completed the acquisition of a 49% stake in Eurobet in Bulgaria. On November 24, 2016, we completed the sale of 80% of Intralot de Peru, our wholly-owned subsidiary in Peru, to the Nexus Group. See "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Acquisitions and Dispositions."

In March 2017, we and Amelco announced the signing of a definitive agreement for a strategic partnership to develop a suite of next-generation sports betting products which is expected to launch in the first half of 2018 and is expected to provide a strong competitive advantage in a fast growing sports betting market.

Our Business Activities

Business Activities

We have three primary business activities: Technology and Support Services Contracts; Management Contracts; and Licensed Operations.

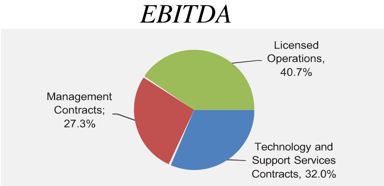
The following table summarizes the principal products and services provided in each of our business activities:

	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 and/or • Maintenance and support services • 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 a 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, South Korea, Cyprus, Czech Republic, Italy, and Peru	Morocco and Russia	Poland, Slovakia, Cyprus, Greece, Italy, Peru, South Korea and Brazil

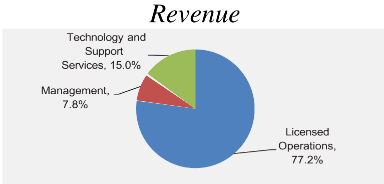
Our key geographies set forth in the table above represented 92.6% of our EBITDA in the last twelve months ended June 30, 2017.

The following diagrams set forth our percentage of revenue and EBITDA by business activity and our percentage of revenue net of payout by business activity, respectively, for the last twelve months ended June 30, 2017:

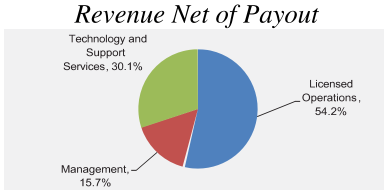
EBITDA



Revenue



Revenue Net of Payout



Technology and Support Services Contracts

Our technology and support activities are primarily comprised of the supply of information technology software, network capabilities and other types of technological support. While we provide the technology, the operations are managed by another person, commonly 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 stable and recurring revenues. These contracts also include the design, development and implementation of custom-made software for the particular products and services necessary in each jurisdiction and operation. We currently manage 56 individual technology and support services contracts across 40 jurisdictions through 18 subsidiaries. We are a global market leader in gaming IT and we believe our technological expertise gives us a competitive advantage worldwide.

Under our technology and support services contracts, we typically earn a fee from the licensed operators, which are state or state-licensed gaming organizations. This fee is typically 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 occasionally 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 15.0% of our revenue and 30.1% of our revenue net of payout in the last twelve months ended June 30, 2017.

Management Contracts

Our management contracts activities include primarily 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 on behalf of the relevant licenses operator. 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 five management contracts in three jurisdictions through four subsidiaries.

We typically earn a fee from the licensed operator 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 7.8% of our revenue and 15.7% of our revenue net of payout in the last twelve months ended June 30, 2017.

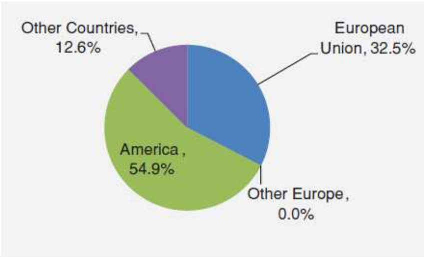
Licensed Operations

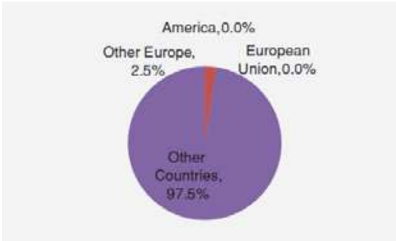
In our licensed operations activities, we are responsible for all aspects of a gaming operation, including the selection and provision of technology and its ongoing support, as well as the management of the operations. In addition, because we are typically the direct license holder, we are also responsible 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 26 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 13 jurisdictions. We operate through retail locations and online channels.

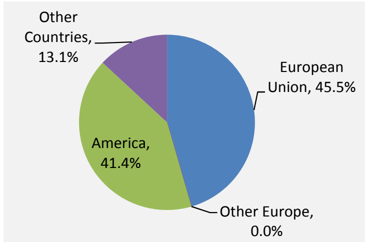
The revenue we generate from our licensed operations is based on the total amount of money wagered by players on various gaming products before payout for players' winnings. Our licensed operations represented approximately 77.2% of our revenue and 54.2% of our revenue net of payout in the last twelve months ended June 30, 2017.

The following diagrams set forth our revenue by region and business activity for the last twelve months ended June 30, 2017.

Technology and Support Services Contracts	*Management Contracts*	*Licensed Operations*


Other Countries, 12.6%
European Union, 32.5%
America , 54.9%
Other Europe , 0.0%


America,0.0%
Other Europe, 2.5%
European Union,0.0%
Other Countries, 97.5%


Other Countries, 13.1%
European Union, 45.5%
America, 41.4%
Other Europe, 0.0%

Technology and Support Services Contracts

Our technology and support services contracts have an average remaining life (as of June 30, 2017, giving effect to contracts entered into as of the date of this Listing Prospectus) of 4.9 years (or 6.3 years taking into account certain of our customers' renewal options). We manage 56 individual technology and support services contracts across 40 jurisdictions (including eleven U.S. states and the District of Columbia, two Australian states and 10 Argentine provinces) as of the date of this Listing Prospectus.

Our services under our technology and support services contracts may include:

- Provision of central system hardware and software;
- Provision of application software;
- Provision of terminals and their application software;
- Setup/provision of necessary telecom network;
- Installation of all equipment (central system sites and throughout the POS network);
- Integration with external systems;
- Central monitoring through Lotos;
- Provision of maintenance (corrective and preventive) and technical support services; and
- Provision of all necessary training and support to involved parties.

As a provider of technology and support services, we typically assume certain operational/support tasks on behalf of the gaming operator, such as the day-to-day operation of the online system, the operation of a technical helpdesk and the provision of field support and logistics services.

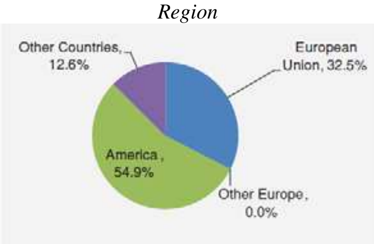
We typically earn a fee under our technology and support services contracts by our customers on either (i) a pre-determined fixed percentage of customer sales (amounts wagered by players) or (ii) a fixed payment over the duration of the contract (in respect of multi-year contracts). Substantially all of our revenue from these operations is based on recurring revenues under (i) or (ii) above. In addition, we occasionally provide technology equipment and relevant services to other lottery and gaming operators.

We account for our revenue under our technology and support services contracts as a percentage of amounts wagered. We are not subject to player payout, retailer commissions or gaming tax. The following chart sets forth the business model economics for our technology and support services operations:

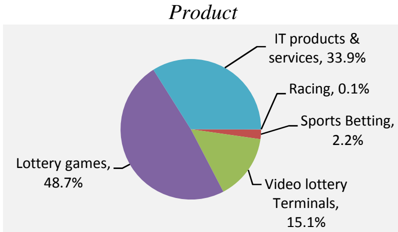
Revenue	Primarily a percentage of amount wagered; but also on the basis of fixed charge contracts and equipment sales
Less:	
Other Operating Expenses	Amount spent on related operating activities
Equals:	
EBITDA	Earnings before interest, taxes, depreciation and amortization

Our technology and support services contracts represented approximately 15.0% of our revenue and 30.1% of our revenue net of payout in the last twelve months ended June 30, 2017. The following diagrams set forth our revenue split by region and product type for the last twelve months ended June 30, 2017 with respect to our technology and support services contracts.

Region



Product



The key jurisdictions for our technology and support services business offering are jurisdictions in the United States, Greece, Australia, New Zealand and Argentina.

United States

In the United States, we provide technology and support services to state lotteries through our wholly owned subsidiary Intralot Inc., which was established in December 2001. We are one of the only three vendors who hold contracts with the state lotteries for the supply of online gaming systems, retailer communication networks, and point of sale equipment such as terminals and vending machines. We became the first non-U.S. company to win a tender for the supply of lottery systems when we won a contract to supply the Nebraska state lottery in 2003.

We currently operate 13 contracts in 11 states and the District of Columbia, holding contracts for the supply and operation of online lottery gaming systems in Ohio, South Carolina, Louisiana, Arkansas, New Hampshire, Idaho, Vermont, Wyoming, Montana, Washington, D.C., and New Mexico. We have recently concluded a contract for the provision of central monitoring services for more than 21,000 Coin Operated Amusement Machines in Georgia. In Ohio, in addition to providing the central systems, terminals, equipment, vending machines and retailer network communications, we also provide central monitoring services for seven racinos operating video lottery terminals (VLTs). We also run Ohio's cooperative services program (CSP), an instant tickets product management contract where we are accountable for the warehousing, distribution and telemarketing of instant tickets to retailers across the state.

We have a strong track record in renewing and extending our contracts in the US, thus securing a long-term presence in the country. More specifically, in Idaho, following an open and highly competitive bidding process, we were selected as the preferred bidder for the provision of online lottery gaming services for a period of ten years up to September 2027, with the option to further extend the contract for two additional five-year terms, a testament to our long-lasting relationship with the State Lottery since 2007. In Vermont, we have secured the renewal of our existing contract for a two-year period up to June 2020. We have also recently renewed our online contract with the Ohio Lottery for a two-year period from July 2017 through June 2019 and have amended our current agreement to include three additional two-year extension options, extending the contract term through June 30, 2027. The latest development was the renewal of Arkansas for 7 more years, thus extending our contract with the State to 2026.

Over the last two years, our expansion in the US market has been significant. In 2016, our sales reached \$108.3 million, increased by 28.3% over the prior year where our revenues amounted to \$84.4 million. This performance was mainly driven by the \$1 billion Powerball Jackpot in January 2016 (the biggest jackpot in the USA history) that boosted numerical games sales, along with the sale of Multi-Purpose Quick Keno (MPQKs) terminals in Ohio. Revenue for the last twelve months ended June 30, 2017, was 5.8% of our Group's total revenue, and we expect to further expand through the sale of additional terminals in Ohio along and the introduction of cashless operations and new games.

Greece

In Greece, we provide technology support and support services for the operation of private gaming and the lottery through Intralot S.A., our parent company. Originally incorporated in Athens in 1992, we won our first domestic contract in 1993. We currently operate two contracts in Greece.

As the center of our operations, Greece is also home to our betting center that controls our global fixed-odds betting activity, and significant research and development programs (Technology Hub), as well as our corporate headquarters which supports the wider Intralot ecosystem, employing more than 700 employees currently. As such, Intralot S.A. expenses are allocated across the different projects, including among others the Greek projects, as follows:

Last twelve months ended June 30, 2017	**OPAP**	**HL**	**Taiwan**	**Peru**	**Malaysia**
Intralot S.A. expenses allocation per project					
CoS	39.7%	8.5%	2.3%	1.5%	1.9%
Selling	22.0%	27.8%	4.0%	1.0%	3.0%
Admin	22.0%	2.0%	4.0%	1.0%	2.0%
R&D	47.0%	9.3%	3.5%	1.5%	2.1%

Our relationship with Greek Organization of Football Prognostics S.A. began in 1999. Most recently, we signed an IT contract with OPAP in June 2014. Under this contract, we have undertaken the implementation of new Data Centers and the provision of hardware and system software as well as services for operation, maintenance, technical support and system evolution. On February 1, 2017 OPAP announced that they will not seek to renew their technology contract with us, which expires on July 30, 2018, and instead will appoint another technology provider. In our experience, implementing a switch of technology providers for contracts of this complex nature is a time-and resource-intensive process after formal appointment of a new technology provider and consequently we find that, in our experience, such contracts are typically extended for a short period of time. However, no assurances can be made that such an extension or renewal will occur. The contract provides for the use of the hardware and system software of Data Centers, the migration of all existing data and functionalities to the new Central System, the upgrade of LOTOS O/S to Enhanced LOTOS O/S, and the granting of the licenses to use its software, in particular the iFLEX Sports Betting Platform, the Data Warehouse System and the Loyalty Program Players' Club. Moreover, we provide support services including the maintenance of the Data Centers and onsite maintenance of Points of Sale equipment, Support Center Services, Data Center Business Operation Support Services and Continuous Development Services of the Application Software, among others. The contract also includes the provision of equipment for a new Central System.

On July 26, 2013, in connection with our participation in a joint venture for a 12-year concession for the management of the Hellenic State Lotteries in Greece, we also signed a set of contracts with the joint venture (the company Hellenic Lotteries S.A. which was incorporated by the consortium members) to provide the IT infrastructure, technical services and logistics to operate the Hellenic State Lottery Tickets and also a contract to develop and manage a new sales network for selling the Hellenic State Lottery Tickets. As a result, we have two roles in the joint venture Hellenic Lotteries S.A., one as a 16.5% shareholder and one as a provider of technology and management services. Our contract runs through 2026.

Revenue from local Greek operations in 2016 was 34.6 million compared to 39.6 million in 2015, and revenue for the last twelve months ended June 30, 2017, was 2.5% of the Intralot Group's total revenue, primarily derived from our contract with OPAP.

Argentina

In Argentina, we provide technology support and support services mainly for the operation of lottery games and sports betting in 10 of the 23 jurisdictions in the country, and we are the lottery operator for the Province of Salta. We entered the market when we acquired a majority stake (50.01%) in our subsidiary Tecno Accion in 2007. We facilitate approximately 7,000 terminals throughout Argentina and operate approximately 1,000 terminals in Salta.

Through Tecno Accion we offer integrated technology solutions for lottery organizations such as portable terminals, provides gaming software and also trade management systems and communication consultancy. In Salta, we act as the sole lottery operator in the province, with 13 numerical games. Our partners in Tecno Accion are HAPSA, the operator of horse racing in Buenos Aires, and the Casino Club, which manages casinos.

In 2016 we renewed three of our contracts (in the provinces of Corrientes, Neuquen and Rio Negro), sustaining our footprint in the local market. In 2017 we expect to renew one more (La Rioja).

Our revenues from the Argentina facility management business in 2015 reached €29.2 million, and €25.1 million in 2016 (drop mainly resulting from the devaluation of the Argentinian Peso vs Euro). The lottery operator business generated sales of €73.7 million in 2015, compared to €57.7 million in 2016, mainly due to the currency exchange rate fluctuation. Our total revenue in Argentina for 2016 was €82.8 million compared to €103.0 in 2015 a decrease due to foreign exchange devaluation, and revenue in the twelve months ending June 2017 was 6.3% of the Intralot Group's total revenue.

Australia

In Australia, we provide technology and support services in two jurisdictions through our wholly owned subsidiaries Intralot Australia Pty Ltd and Intralot Gaming Services Pty Ltd. We originally entered the Australian market in 2006.

In Victoria, IGS supplies a remote monitoring system to control over 26,000 gaming machines under a 15-year contract signed in September 2011 with the State of Victoria. Our monitoring system is designed to ensure the accurate and uninterrupted monitoring of gaming machine transactions, single and multiple venue linked jackpot arrangements, and the capture of data and information with respect to gaming machines for regulatory, taxation, research and related purposes.

In 2014, we were directed by the Minister for Liquor and Gaming Regulation to be the provider of the State of Victoria's voluntary pre-commitment technology, under which all electronic gaming machines (EGMs) in Victoria are required to be connected to the state-wide pre-commitment system (PCS) from December 1, 2015. PCS was launched successfully on December of 2015 and has increased the monitoring revenue substantially. IGS will operate the pre-commitment scheme up to the end of the monitoring license referred above which expires on August 16, 2027.

In Western Australia, we provide the information technology and systems support for the Lotteries Commission of Western Australia (Lotterywest) in order to enable Lotterywest's retail and online gaming sales, through our wholly-owned subsidiary Intralot Australia Pty Ltd. Since 2014, we have provided support services for Lotterywest in its Retail Transformation Program (RTP) and secured an extension of our ongoing contract to 2019, with the option of two one-year extensions.

Revenues from our Australian operations remained relatively flat between 2015 and 2016, at approximately €18.0 million for each year, as the PCS uptake in 2016 fully balanced the one-off equipment sale of RTP within 2015. Revenue in the twelve months ending June 2017 was 1.5% of the Intralot Group's total revenue.

New Zealand

In New Zealand, we provide technology and support services through our wholly-owned subsidiary Intralot New Zealand Ltd Operations, which was first awarded the government contract in 2005.

To the government we provide an electronic monitoring system to link approximately 16,000 machines in more than 1,100 locations. The electronic monitoring system is designed to guarantee the integrity of games and limit opportunities for fraud. Our contract was extended in 2010 after an international tender to 2020 and further extended in 2016 up to 2022. Additionally, in 2010 we were awarded the development and operation of an Integrated Gambling Platform responsible for electronic licensing up to 2020. Revenues from the business in New Zealand recorded a marginal loss in 2016 in comparison to 2015, from €5.3 million to €4.8 million. Revenue for the last twelve months ended June 30, 2017, was 0.3% of the Intralot Group's total revenue.

Contracts

The following table sets forth our 56 technology and support services contracts as of the date of this Listing Prospectus.

Jurisdiction	Intralot Subsidiary/ Associate/other Related Party	Regulatory Authority/ Private Company	Current Contract Term	Extensions/ Renewals
Argentina	Tecno Accion SA	Corrientes	Jan.1995 to Apr. 2022	Renewable
Argentina	Tecno Accion SA	Neuquén	Feb. 1994 to Feb. 2023	Renewable
Argentina	Tecno Accion SA	Santiago del Estero	Jan. 1999 to Aug. 2018	Renewable
Argentina	Tecno Accion SA	Río Negro	Jun. 1991 to June. 2023	Renewable
Argentina	Tecno Accion SA	La Pampa	Jul. 2003 to Jul. 2022	Renewable
Argentina	Tecno Accion SA	Catamarca	Oct. 1998 to Jun. 2018	Renewable
Argentina	Tecno Accion SA	La Rioja	Jul. 1993 to May 2022	Renewable
Argentina	Tecno Accion SA	Jujuy	Jan. 2007 to Jan. 2023	Renewable
Argentina	Tecno Accion SA	Jujuy	Jan. 2007 to Jan. 2023	Renewable
Argentina	Tecno Accion SA	Santa Cruz	Apr. 1999 to Nov. 2019	Renewable
Argentina	Tecno Accion SA	Tierra del Fuego	Nov. 1993 to Jan. 2020	Renewable
Argentina	Tecno Accion SA	Various Provinces	Mar. 2001 to Feb. 2018	Renewable
Australia	Intralot Gaming Services Pty Ltd (IGS)	The Minister for Liquor and Gaming Regulation for and on behalf of the Crown in right of the State of Victoria	Nov. 2011 to Aug. 2027	—
Australia	Intralot Gaming Services Pty Ltd (IGS)	The Minister for Liquor and Gaming Regulation for and on behalf of the Crown in right of the State of Victoria	Aug. 2014 to Aug. 2027	—
Australia	Intralot Australia Pty Ltd	Lotteries Commission of Western Australia (Lotterywest)	Mar. 2007 to Jan. 2021	1-year extension option
Chile	Intralot	Polla Chilena de Beneficencia	Jan. 2017 to Jan. 2027	2-year extension option
Croatia	Intralot SA	HRVATSKA LUTRIJA D.O.O.	Apr. 2015 to Apr. 2019	
Croatia	Intralot SA	HRVATSKA LUTRIJA D.O.O.	June 2009 to Dec. 2017	Annually Renewable

Croatia	Intralot SA	HRVATSKA LUTRIJA D.O.O.	June 2009 to Feb. 2018	Annually Renewable
Croatia	Intralot SA	HRVATSKA LUTRIJA D.O.O.	June 2009 to Nov. 2017	Annually Renewable
Czech Republic	Intralot SA	FORTUNA sázky, a.s.	July 2014 to July 2024	—
Germany	Intralot Germany GmbH	Scientific Games (that provides services to ODDSET)	July 2012	7 years from the date the concession will be granted plus 3 year option term extension
Germany	Intralot SA	Lotto Hamburg	Dec. 2008 (Indefinite)	—
Greece	Intralot SA	Hellenic Gaming Commission / OPAP S.A.	Apr. 2014 to July 2018 -	—
Greece	Intralot SA	Ministry of Finance / Hellenic Lotteries S.A.	July 2013 to Apr. 2026	
Ireland	Intralot Ireland Ltd	Premier Lotteries Ireland Limited (PLI)	Feb. 2014 to Nov. 2024	
Italy	Intralot SA	Sisal Spa	Feb. 2010 to July 2018	
Kenya	Intralot	Acumen Communications Limited (ACL) / Betting Control and Licencing Board of Kenya	Dec. 2015 to Dec. 2025	—
Malaysia	Intralot SA	Magnum Corporation Sdn. Berhad	June 2006 to June 2022	2-year extension option
Netherland	INTRALOT NEDERLAND BV	DE LOTTO and DE NEDERLANDSE STAATSLOTERIJ	Apr. 2008 to Apr.2019	
Netherland	Intralot Nederland BV	De Nederlandse Staatsloterij	Dec. 2014	5-year contract from Go Live date
Netherland	Intralot Nederland BV	De Lotto	Apr. 2008 to Jan. 2020	
New Zealand	Intralot New Zealand Ltd	Department of Internal Affairs (DIA)	Mar. 2007 to May 2022	—
Nigeria	INTRALOT Global Holdings	International Lottery and Gaming Limited (ILGL)	Aug. 2015 to May 2025-	**(extension at buyer's discretion)**
Peru	Intralot SA	Intralot de Peru SAC	Nov. 2016 to (Indefinite)	
Philippines	Intralot Inc	Philippines Charity Sweepstakes Office (PCSO) / Pacific Online Systems Corporation (POSC)	Mar. 2006 to Aug. 2018	
Philippines	Intralot Inc.	Philippine Amusement and Gaming Corporation / AB Leisure Exponent Inc	Apr. 2005 to Aug. 2021	3-year ext. option
Philippines	Intralot Inc.	Philippines Charity Sweepstakes Office (PCSO) / Total Gaming Technologies Inc. (TGTI)	Apr. 2004 to Sep. 2020	—
Philippines	Intralot Inc.	Total Gaming Technologies Inc. (TGTI) / Pacific Online Systems Corporation (POSC)	July 2015 to July 2023	
South Korea	Intralot S. Korea—South Korea	Korean Lottery Commission	Dec. 2007 to Dec. 2018	
Taiwan	Lotrich Ltd	TAIWAN LOTTERY COMPANY (appointed entity of CHINA TRUST COMMERCIAL BANK (CTCB) for the operation of the Public Welfare Lottery)	Feb. 2013 to Dec. 2023	
Taiwan	Lotrich Ltd	TAIWAN SPORTS LOTTERY COMPANY (JV of ADATA and CHINA TRUST REAL ESTATE for the operation of the Sports Lottery)	Aug. 2013 to Dec. 2023	
Taiwan	INTRALOT NEDERLAND BV	TAIWAN SPORTS LOTTERY COMPANY (JV of ADATA and CHINA TRUST REAL ESTATE for the operation of the Sports Lottery)	Oct. 2013 to Dec. 2023	
USA (Arkansas)	Intralot Inc	Arkansas Lottery Commission	July 2009 to Aug. 2026	
USA (DC)	DC09	D.C. Lottery	Mar. 2010 to Mar. 2020	

USA (Georgia)............................	Intralot Inc	Georgia Lottery Corporation	June 2014 to Dec. 2022	Three 1-year ext. options
USA (Idaho)	Intralot Inc	Idaho State Lottery	Aug. 2006 to Sept. 2027	Two 5-year ext. options
USA (Louisiana)..........................	Intralot Inc	Louisiana Lottery Corporation	Aug. 2009 to June 2020	Two 1-year ext. options
USA (Montana)	Intralot Inc	Montana State Lottery	Mar. 2006 to Mar. 2023	Three 1-year ext. options
USA (New Hampshire)...............	Intralot Inc	New Hampshire Lottery	June 2009 to June 2020	
USA (New Mexico)....................	Intralot Inc	New Mexico Lottery	Oct. 2015 to Nov. 2023	
USA (Ohio)	Intralot Inc	Ohio Lottery Commission (Lottery contract)	June 2008 to June 2019	Four 2-year ext. options
USA (Ohio)	Intralot Inc	Ohio Lottery Commission (Instant Tickets Cooperative Services)	June 2008 to Jun. 2019	
USA (South Carolina).................	Intralot Inc	South Carolina Education Lottery	Jan. 2008 to Mar. 2018	
USA (Vermont)	Intralot Inc	Vermont State Lottery	June 2010 to June 2020	
USA (Wyoming).........................	Intralot Inc	Wyoming Lottery Corporation	Apr. 2014 to Aug. 2019	Three 5-year ext. options

Management Contracts

As of the date of this Listing Prospectus, we have entered into five management contracts, which have an average remaining length (as of June 30, 2017, giving effect to contracts entered into as of the date of this Listing Prospectus) of 2.4 years.

In addition to our services under our technology and support services contracts, other services under our management contracts may include:

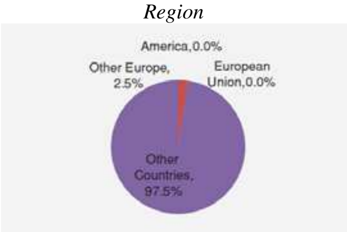
- Market research and analysis;
- Design and development of new and existing games;
- Sales network development and management;
- POS environment design and development;
- Recruitment and training of agents;
- Marketing campaigns;
- Provision of merchandising and promotional programs for players and retailers;
- Design and provision of consumable materials (play slips, brochures, tickets, paper rolls, sports betting programs);
- Provision of a customer helpdesk;
- Provision of warehousing and logistics services;
- IT products and services;
- Risk management/odds setting for sports betting;
- VLT venue operations; and
- Development of responsible gaming programs.

We earn a fee under our management contracts based on a fixed percentage of wagers. Revenue under our management contracts is not subject to payout costs for player winnings, retailer commissions or gaming tax. The following chart sets forth the business model economics of our management contracts operations:

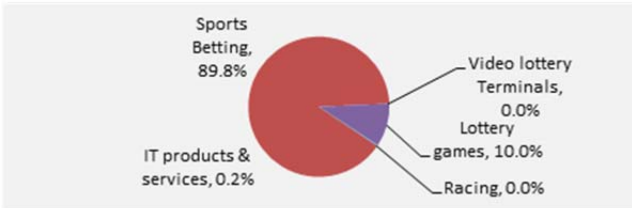
Revenue	Typically a percentage of amount wagered
Less:	
Other Operating Expenses	Amount spent on related operating activities
Equals:	
EBITDA	Earnings before interest, taxes, depreciation and amortization

Our management contracts represented approximately 7.8% of our revenue and 15.7% of our revenue net of payout in the last twelve months ended June 30, 2017. The following diagrams set forth our revenue by region and product type for the last twelve months ended June 30, 2017 with respect to our management contracts.

Region



Product Type



Our principal market for this type of activity is Turkey.

Turkey

In Turkey, our subsidiary Inteltek manages sports betting operations on behalf of Spor Toto, which is the exclusive licensee in Turkey. We founded Inteltek as part of a consortium in 2001, and we have increased our stake to 45.0% alongside our partner Turkcell, which owns the remaining 55%.

In 2003 following an international tender, we won a contract to manage the introduction of sports betting operations into Turkey on behalf of Spor Toto. Through Inteltek, we developed and introduced the central network for the sports betting operations. In 2008 we won a new ten-year sports betting management contract following an international tender, extending our presence in the country for another ten years. Currently the games are distributed through an agents' network. Inteltek has been very successful in transforming the sports betting market in Turkey by growing the market nearly 20 times since 2004. Although the contract expires in August 2018, we expect, based on our experience with these clients, that it will be renewed or extended. However, no assurances can be made that such an extension or renewal will occur.

In addition, we currently own approximately 50.01% of Bilyoner, the leading online distributor of sports betting games in Turkey. Bilyoner, along with five other online providers, distributes the games which Inteltek manages on behalf of Spor Toto. Bilyoner was established in 2004 and had an estimated 2.5 million members as of December 31, 2016. The main contract expires in 2019 being renewable at the discretion of the administration. However, we expect it to be renewed due to commercial value principles. However, no assurances can be made that such an extension or renewal will occur.

Inteltek's sales grew from €43.6 million in 2015 to € 52.7 million in 2016, while Bilyoner's revenue increased from € 33.4 million in €39.0 million over the same period. Overall revenue for Turkey in 2016 was €91.7 million in 2016 compared to €76.9 million in 2015, and total revenue in Turkey for the last twelve months ended June 30, 2017, was 6.2% of the Intralot Group's total revenue.

Morocco

We founded Intralot Maroc S.A. in 2010, with 100% of shares held by Intralot S.A. Intralot Maroc supports the operation of all games of the Morocco's two lotteries: Marocaine des Jeux et des Sports (MDJS) and Societe de Gestion de la Loterie Nationale (SGLN). The two lotteries are complementary organizations and operate a broad gaming portfolio that ranges from sports betting and numerical games, to instants and fast draw entertainment games, sharing a distribution network of over 1,200 points of sale throughout Morocco.

Intralot Maroc undertakes the operation of all games, including risk management of fixed-odds sports betting, management of instant tickets and provides additional services, including marketing and promotions, technical operation and maintenance, warehousing and distribution, design and management of the telecommunications network, as well as training to retailers and Lotteries' personnel.

In 2016, Intralot Maroc generated revenues of €20.3 million, while in 2015 the revenue amounted to €17.5 million. Revenue for the last twelve months ended June 30, 2017 was 1.5% of our Group's total revenue. Overall, in the last five years Intralot Maroc's CAGR exceeded 10%, thus contributing substantially to the development of the sector in the country.

Contracts

The following table sets forth our five management contracts as of the date of this Listing Prospectus.

Jurisdiction	Intralot Subsidiary/ Associate/other Related Party	Regulatory Authority/ Private Company	Current Contract Term	Extensions/ Renewals
Morocco..................................	Intralot Maroc SA	Societe de Gestion de la Loterie Nationale and La Marocaine des Jeux et des Sports	Aug. 2010 to Aug. 2018	1-year ext. option
Russia	Intralot OOO Ltd	State Sport lotteries JSC / STOLOTO CJSC	Oct. 2008 to Dec. 2021	
Turkey	Inteltek Internet AS	Spor Toto	Aug. 2008 to Aug. 2018	—
Turkey	Bilyoner AS	Spor Toro	Apr. 2009 to Apr. 2019	Renewable at discretion of Admin.
Turkey	Bilyoner AS— Turkey	Milli Piyango	Dec. 2009- Dec. 2017	Annually renewable

Licensed Operations

We currently operate under 26 individual licenses through a combination of wholly- and partially-owned subsidiaries and joint ventures, across 13 jurisdictions. We operate through retail locations and online channels depending on local regulation.

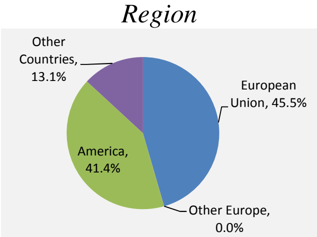
The revenue we generate from our licensed operations is based on the total amount of money wagered by players on various gaming products before payout for players' winnings.

The following chart sets forth the business model economics of our licensed operations activity:

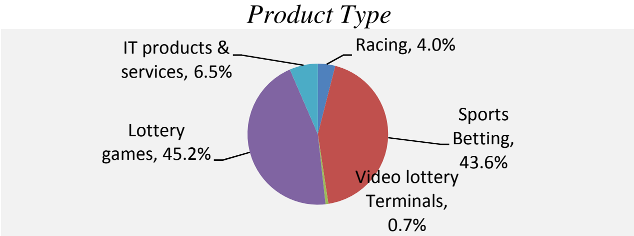
Revenue	Amounts wagered, representing the total amount of money wagered by gaming customers
Less:	
Payout on Player Winnings	Prize payout represents the percentage of amounts wagered that is paid out to players as prizes/winnings
Equals:	
Gross Win	Gross Win represents amounts wagered less prize payouts
Less:	
Retailer Commissions	The amount paid to the distribution network. Typically a percentage of sales or gross win
Gaming Tax	Gaming taxes represent the amount paid to the government. Varies from country to country
Other Operating Expenses	Amount spent on related operating activities
Equals:	
EBITDA	Earnings before interest, taxes, depreciation and amortization

Our licensed operations represented approximately 77.2% of our revenue and 54.2% of our revenue net of payout in the last twelve months ended June 30, 2017. The following diagrams set forth our revenue by region and product type for the last twelve months ended June 30, 2017 with respect to our licensed operations.

Region



Product Type



The key jurisdictions for our licensed operations business activity include Jamaica, Argentina, Azerbaijan, Bulgaria and Malta.

Jamaica

In Jamaica, we provide a number of numerical games, sports betting games, virtual games and VLTs through Supreme Ventures Ltd, a public company listed on the Jamaican Stock Exchange. Intralot entered the Jamaican market in 2008 by acquiring a stake in SVL, the main gaming operator and incumbent lottery provider in the country. Our 50.05% subsidiary Intralot Caribbean Ventures ("ICV"), holds a 49.9% stake in SVL, so our overall stake in SVL is 24.97%.

SVL holds the monopoly for lottery through a license which has been extended to 2033, and provides its gaming products through a network of approximately 1,100 POS. Through SVL we also hold licenses to operate up to 750 VLTs through six state-of-the-art gaming venues and operate fixed-odds betting through a contract that includes the provision of the central system, terminals, risk management and other supportive services for the company's POS network. SVL also started offering sports betting services in January 2010 under the JustBet brand.

Following an amendment to the Jamaican gaming legislation, since May 2014 SVL has been able to operate sports betting terminals at sites where SVL holds licenses to conduct lottery operations without needing additional approvals from the Betting, Gaming and Lotteries Commission. Most recently, in March 2017, SVL acquired an 100% stake of the Supreme Ventures Racing and Entertainment Limited (SVREL) in Jamaica, thus expanding its portfolio in the Racing business (horse racing).

In 2016, SVL generated revenues of €325.5 million, and respective revenue net of gaming payout of €147.7 million, while in 2015 the revenue amounted to €339.4 million, with revenue net of gaming payout being at the level of €148.1 million. Revenue for the last twelve months ended June 30, 2017, was 25.3% of the Intralot Group's total revenue.

Azerbaijan

In Azerbaijan, we operate, manage and develop fixed-odds and pari-mutual sports betting games and provide related services. We entered the market in 2011 through the award of an exclusive 10-year licensed operations contract to the locally-domiciled AzerInteltek, in which Inteltek, our 45% owned Turkish subsidiary, maintains a 51.0% stake. AzerInteltek manages a network of 480 POS across Azerbaijan, and we constantly review our options to expand and optimize the network.

Azerinteltek also holds the license for distributing instant lottery games, which operates on a commission basis.

Our total revenue from Azerbaijan in 2016 amounted to €116.0 million, in comparison to €173.2 million in 2015, despite Azerinteltek's revenue in Azerbaijani Manat having increased by 4%. The currency devaluation in the beginning of 2016 negatively affected negatively the translated figures. Revenue net of gaming payout in 2016 reached € 37.4 million, compared to €56.6 million the previous year. Revenue from Azerbaijan for the last twelve months ended June 30, 2017, was 10.1% of the Intralot Group's total revenue. In the six months period ended 30 June 2017, the company has drastically ameliorated its performance in Azerbaijani Manat, depicting a 68.2% increase in revenues in comparison to the relevant prior year period that is expected to continue within the year.

Bulgaria

In Bulgaria, we hold licenses through stakes in two local partners. We first entered the market in 2002 through Eurofootball OOD ("Eurofootball"), in which we hold a 49.0% stake through our wholly owned subsidiary Bilot EOOD. In July 2016, we announced the acquisition of 49% stake in Eurobet.

The Bulgarian sports betting market is liberalized, and Eurofootball operates as the sole sports betting provider through a network of approximately 900 POS. In August 2015, Eurofootball successfully launched its Virtual Football game, which reached a share of 35% of Eurofootball's total games portfolio in 2016. We have also offered Virtual and Live Greyhounds since 2012. Following the enactment internet gaming legislation in 2012, we were awarded a 10-year internet betting license in 2014, which we expect to employ in the near future.

Eurobet offers numerical games and scratch tickets through a network of more than 1,000 Points of Sales countrywide. The company offers the following games: Eurochance (started in 2006), Lotomania (started in 2010), scratch-cards (started in 2011), novelty betting (started in 2012) and Poker Chance (started in 2014). Eurobet also recently launched Virtual Football in some of its POS. Lotaria Bulgaria is distributed together with Eurochance and all Eurobet's other games in a network of more than 1,000 betting shops. The scratch cards of Lotaria Bulgaria are distributed in over 5,000 points of sale. The company also has a presence in Bulgaria's online gambling sector.

Eurofootball 2015 revenue amounted to €160.6 million, while in 2016 revenues reached €269.1million. The main reason for this growth was the launch of Virtual Football in the third quarter of 2015, as well as the increase in payout since February 2016. Our revenue net of gaming payout in 2015 was €52.1 million, while in 2016 it increased to €59.2 million. The revenue of Eurobet OOD for the period July-December 2016 reached €27.8 million, while our revenue net of gaming payout was €9.1 million. Our overall 2016 revenue from Bulgaria was €297.5 compared to €161.0 in 2015, and overall revenue for the last twelve months ended June 30, 2017, was 22.9% of the Intralot Group's total revenue.

Malta

We entered the lottery market of Malta in 2004 when we were awarded an eight-year exclusive license to operate all state lottery games. For this project, we established the subsidiary Maltco Lotteries Limited, in which we own a 73.0% stake. In 2012, upon the expiration of this license, Maltco was awarded a new ten-year concession and a license to operate the national lottery of Malta through a competitive tender process.

Currently we operate numerical games (the three national lottery games: Super 5, Saturday Lotto and Grand Lottery), fixed-odds betting both pre-game and live, a KENO game, a Bingo 75 and a Fast Bingo game, three horse racing games (ATG, GBI, Phumelela) and instant tickets in a network of approximately 230 POS.

The revenue of Maltco Lotteries in 2016 reached €91.9 million, which is 10% higher compared to the same period in 2015 (€83.6 million), while revenue net of gaming payout amounted to €35.8 million in 2016 compared to €34.3 million in 2015. Our total revenue from Malta for the last twelve months ended June 30, 2017, was 6.5% of the Intralot Group's total revenue.

Contracts

The following table sets forth our 26 licenses/concessions as of the date of this Listing Prospectus. Some of our contracts are automatically renewable subject to compliance with contractual terms.

Jurisdiction	Intralot Subsidiary/ Associate/other Related Party	Regulatory Authority	Current Contract Term	Extensions/Renewals
Argentina	TecnoAccion Salta SA	Ente Regulador del Juego de Azar	Dec. 1996 to May 2024	
Azerbaijan	AzerInteltek; AZERIDMANSERVIS Limited Liability Company	Ministry of Youth and Sports	Jan. 2010 to Sep. 2025	
Brazil	Intralot Do Brazil Ltda	Loteria do Estado do Minas Gerais	Sept. 2010 to Dec. 2022	—
Bulgaria	Eurofootball	State Commission on Gambling	July 2009 to May 2027	Renewable
Bulgaria	Eurofootball	State Commission on Gambling	Feb. 2014 to Feb. 2024	Renewable
Bulgaria	Eurobet	State Commission on Gambling	Jan. 2011 to Jan. 2021	Renewable
Bulgaria	Eurobet	State Commission on Gambling	Apr. 2017 to Apr. 2027	Renewable
Bulgaria	Eurobet	State Commission on Gambling	Apr. 2017 to Apr. 2027	Renewable
Bulgaria	Eurobet	State Commission on Gambling	Apr. 2017 to Apr. 2027	Renewable
Bulgaria	Eurobet	State Commission on Gambling	May 2014 to May 2024	Renewable
Bulgaria	Eurobet	State Commission on Gambling	May 2014 to May 2024	Renewable
Cyprus	Royal Highgate Public Company Limited	Ministry of Finance—National Betting Authority	Jan. 2004 to Dec. 2018	Renewable
Greece	Hellenic Lotteries SA	Ministry of Finance /Hellenic Gaming Commission	May 2014 to Apr. 2026	
Italy	Gamenet SPA	Agenzia Delle Dogane E Dei Monopoli (ex. AAMS)	July 2007 to June 2016	Renewable
Italy	Intralot Gaming Machines Spa	Agenzia Delle Dogane E Dei Monopoli (ex. AAMS)	Dec. 2011 to Mar. 2022	Renewable
Jamaica	Supreme Ventures Limited (SVL)	Betting & Gaming Lottery Commission	Jan. 2010 to Dec. 2035	—
Jamaica	Supreme Ventures Limited (SVL)	Betting & Gaming Lottery Commission	2001 to Dec. 2033	—
Malta	Maltco Lotteries Ltd	Lotteries & Gaming Authority	June 2012 to July 2022	—

Peru....................	Intralot De Peru Sac	Sociedad de Beneficencia Publica de Jaen	2001	Automatic & successive every 2 years
Peru....................	Intralot De Peru Sac	Sociedad de Beneficencia de Huancayo	1997	Automatic & successive every 3 years
Peru....................	Gaming Solutions International SAC	General Directorate of Casino Games and Slot Machines	July 2006	Renewable every 2 years
Poland................	Totolotek SA	Ministry of Finance	Nov. 2012 to Nov. 2018	Renewable
Poland................	Totolotek SA	Ministry of Finance	Nov. 2012 to Nov. 2018	Renewable
Poland................	Totolotek SA	Ministry of Finance	June 2013 to June 2019	Renewable
Slovakia.............	Slovenske Loterie A.S.	Ministry of Finance	Mar. 2008 to Oct. 2017	Renewable
South Korea.......	Nannum Lotto Co	Korean Lottery Commission	Dec. 2007 to Dec. 2018	—

Our Products and Services

We offer a broad range of technology solutions, products and services as well as extended know-how and experience in implementing turnkey solutions supporting lottery, sports betting, VLT/AWPs, racing and interactive games for our customers.

Our product strategy focuses on further enriching and strengthening our products and services portfolio while placing the player at the center of attention in order to offer a unique customer experience and to drive further player engagement through personalized, entertaining offerings. We have incorporated the following four product strategy pillars into our new products and services portfolio:

- **Customer experience optimization** through dedicated product surveys and usability tests of end-to-end customer experiences
- **Modular platform architecture** to meet client needs with a flexible manner
- **Open** and **scalable** solutions to allow integrations with third party products and services
- **Cost effectiveness** by decreasing development, maintenance and solution deployment costs

Products

LOTOS Gaming Platform

LOTOS™ O/S is our integrated platform, which enables the management and support of online lottery gaming operations. It enables effective, real-time management of active games, and facilitates the creation and activation of new games. 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 used the LOTOS platform to deliver and manage their online games and services.

Betting Platform

Intralot’s New Betting Platform, currently under development as per our agreement with Amelco, will be a WLA-compliant, multi-lingual and multi-currency solution. It will support sports betting offerings via multiple channels through a unified, single-sign-on (SSO) back-office and will cater to the specific needs of online and in-play betting, by capitalizing on the our solid retail and online experience; it will provide a true omni-channel product, by focusing on the following pillars:

- Richer content for all channels: offers all known Sports, more events and all known markets including instant markets
- Risk Management automation through business rules configuration
- Multiple Feed aggregation
- Front end independence through an open API framework in order to facilitate omni-channel vision and plans

- Modern technology stack ensuring scalability, modularity and operational flexibility
- Enterprise Solution and Single Unified Back-office: ability to have a centralized sports book that distributes downstream to remote instances; ability to support and manage multiple deployments

In terms of features, the New Betting Platform, with multiple pre-integrated sports betting feeds, will provide operators with the necessary flexibility to create their own commercial strategy. It will add to our portfolio player centric features such as Cash Out, both for Online and Retail environments, various Cash Out derivatives (partial cash out, change my bet, pre-ordering a cash out), an extensive list of bet type bonuses, as well as the ability to offer different odds to specific customers.

Intralot Player Pulse

INTRALOT Player Pulse is a complete gaming CRM system that includes an advanced player account management system and a superior marketing suite. It covers both online and retail operations for all products across all platforms. It also offers risk fraud monitoring, payment functionalities, and game management services. Player Pulse is based on the award-winning Bit8 platform (Software Rising Star Winner, EGR B2B Awards 2014) and comes pre-integrated with all game verticals, from Betting and Lottery to Casino and e-Instants, as well as affiliates systems, payment providers, communication systems and more. Player Pulse is already installed in one jurisdiction and will go live in two additional jurisdictions by the end of 2017.

Intralot Retailer Pulse

INTRALOT Retailer Pulse is our end-to-end retail management solution that offers 360-degree control for monitoring and managing retailers' operational aspects, increasing customer commitment and loyalty as well as optimizing performance. The platform consists of four functional pillars that cover network management, financials, marketing and logistics through a single intuitive user interface. Based on the philosophy that information is key, Intralot Retailer Pulse provides contributors of the retail ecosystem with personalized portals to enable optimal information flow and optimal user access. Pulse Mobile serves field units, such as sales representatives and field support technicians. Retailers have access to training and manuals as well as performance optimization tools via their dedicated portal. Our next generation devices act as the main touch point permitting bidirectional communication. The new version of Retailer Pulse is installed in one jurisdiction while its predecessor solution is installed in 35 jurisdictions.

Intralot Canvas™

INTRALOT Canvas™ is an innovative and integrated content management platform allowing centralized management and control of content distribution for multiple game verticals across all sales channels. INTRALOT Canvas™ is the quintessential solution for operators seeking maximum autonomy and minimum effort when striving to optimally run their gaming operations. It has been designed to work as a multi-tool consisting of advanced content management, marketing and personalization features, all of which can be utilized through its advanced User Interface. The INTRALOT Canvas™ responsive desktop and mobile optimized portals are intuitive, engaging and offer immediate contextual-sensitive information to the end-user. As of December 2016, INTRALOT Canvas™ has been deployed by nine customers.

Intralot Mobile

INTRALOT Mobile is the ultimate mobile solution for gaming operators. It is a collection of cutting-edge components that complement each other, allowing operators to create comprehensive and engaging mobile gaming experiences for their customers. INTRALOT Mobile comprises native applications for iOS and Android and optimized mobile web portals for all verticals, all driven by INTRALOT Canvas™ CMS. As of April 2015, INTRALOT mobile had been deployed by three customers.

Remote Gaming Server (RGS) & Interactive Instant Win Games

One of our recent product investments is the in-house development of the remote gaming server ("RGS") and instant win games. Our RGS is a software system that handles bet transactions from game clients and computes game mechanics based on random number generator values. Moreover, the platform is tailored to provide functional game content integration for land, server-based, VLT/self-service, mobile and online gaming platforms.

Our in-house-developed interactive Instant Win Games library (HTML5 & Flash) consists of various games in different mechanics and play styles. Our interactive instant win games are delivered through our RGS and are open to integration with third-party providers.

As of December 2016, the company maintains a growing library of approximately 100 games, with games and scheduled releases in more than five countries worldwide.

Horizon View—Intelligent Multimedia Content Management System

Horizon View is an intelligent multimedia content management system optimized for retail network environment in gaming business. The turnkey solution comprises an integrated product mix of software, hardware and services, providing top-quality gaming content, creation, management, delivery and playout. Horizon View provides Lottery operators and Retailers with the unique combination of Lottery, Betting, Racing, Virtuals, Gaming ("VLT") and Digital Signage content while providing first-in-class content delivery to thousands of shops, screens, and retail terminals in real-time, with optimal bandwidth usage and sophisticated data broadcasting / multimedia technologies.

Intralot Terminals Solutions

We optimize, design and supply a full range of gaming terminal equipment (self-service, vending, retail point-of-sales). Our terminals can be sold as standalone hardware or bundled with terminal application software to operate lottery games and all necessary retail point-of-sale functions. We code, develop, adjust and optimize all application software and all the supportive software drivers / algorithms.

As of August 2017 we had approximately 300,000 lottery retail solutions deployed worldwide. From a customer needs perspective, terminal solutions fall under two categories: retail solutions and self-service solutions.

Retail solutions:

Photon—a fully-functional, high-performance camera-based lottery terminal that incorporates a digital camera in a modern and ergonomic unit with large operator display.

Proton—a compact, all-in-one, camera-based lottery terminal, that offers the benefits of the digital reading technology in a minimum retail footprint.

microLOT—our smallest full-function terminal, an all-in-one device that supports validation and payments for all gaming ticket types, supporting mechanical scanner-based technology.

Genion—a multi-functional solution that can serve as, among other things, a game validation and payment terminal and an online and scratch ticket checker.

Self-service solutions:

Full Self Service Terminal ("FSST")—our premium next generation offering in self-service-terminals that integrates dual 23-inch displays, one with touchscreen functionality supporting customer interactions, and a wide range of optional game participation components.

Gablet Terminal—an innovative, integrated tablet desktop solution with touch and gesture based control developed specifically for the retail environment.

Kiosk (single or dual screen)—offers the Gablet terminal in a minimal autonomous floor-standing kiosk version and extends it to a dual-screen version with multiple game-participation methods.

Coronis MPNG—our first-generation self-service terminal, configured with a second monitor to display advertisements, information, results and programs.

Dreamtouch vending terminals—our next-generation version of vending machines for purchasing draw games and instant tickets, playing interactive games, and betting. The main feature and key point of this product family is the large, full-HD, colorful touch-screen display that utilizes an intuitive, user-friendly interface alongside innovative interactivity features, games and services. The Dreamtouch terminal product family is delivered in three flavors: DT Generic, DT Compact, and DT Lite, each serving different gaming purposes.

Winstation—first-generation vending machine provides both instant lottery tickets and online gaming.

Services

Our offered services cover the whole spectrum of day-to-day operational activities of lottery organizations, and are categorized into the areas set forth below.

Technical Support and Training

We provide a broad range of sophisticated solutions and gaming products that require ongoing support and maintenance. As a result, we provide after-sales technical support to facilitate uninterrupted and efficient gaming operations and minimize sales downtime.

These support services include help desk support for retailers and lottery personnel as well as preventive and corrective maintenance of central systems as well as field maintenance of equipment installed at retailer locations. We offer a variety of service level options, which are customized to best serve each of our customers' individual needs and budgets.

We also provide a comprehensive training portfolio which includes detailed operational and technical support, marketing seminars and training modules. These training modules are tailored to each customer and can cover both new and experienced lottery and betting operators.

System Operation Services

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. System operation services include typical information and communication technology operations, as well as game draw procedures, retailer management monitoring and accounting as well as information and statistics compilation for games and operations.

Marketing Services

We provide marketing consulting and support to our customers throughout the contract. Our local marketing teams provide consulting support and a full range of marketing services and are supported by our global marketing resource center, which brings global insight and an overall strategic perspective to each contract. Our services include:

Market Research and Analysis: We seek to continuously enrich and deepen our player understanding by analyzing the tens of millions of player-initiated transactions we enable globally. We also stay in touch with our target players' preferences and habits by analyzing consumer response to market research commissioned and conducted in various countries across the world. Using insights discovered through over 30,000 questionnaires, we assist our customers in optimizing gaming performance and effectiveness and addressing opportunities.

Game Design and Analysis: We continually test new gaming concepts (on average 30 per year) in order to maintain the appeal of our games library across diverse markets. In addition, we tailor each game to satisfy the particular needs of individual clients.

Marketing Communication: We design appropriate marketing strategies based on the communication requirements set by the gaming operators, focusing on the development of tailored communication concepts such as advertising, commercial logo, media buying programs, promotions and merchandising.

Sales Network Design and Development: We offer know-how and experience in the design and implementation of extensive and efficient sales networks.

Sports Betting Risk Management and Footprint

We are one of the world's leading fixed odds betting operators in the traditional, non-internet based state sponsored gaming space. We operate sports betting contracts in 16 jurisdictions in 4 continents on a variety of operating models. Our contracts include some of the world's largest betting operations in terms of per capita spending. We provide operational support services for the organization and management of betting games to a variety of state lotteries and licensed operators worldwide, offering a wide variety of sports and pricing models, as well as more than 12,000 events (pre-game and in-play) per month and more than 400 market types.

Our portfolio is complemented by our Betting Entertainment propositions that include Racing and Virtuals, increasing player's life time value and commitment.

Our services include product customization, program and odds compilation, risk management/trading and training support. Through our risk management services, we assess and seek to limit, in real time, our customers' risk exposures as well as Operator's risk exposure, while maintaining the profitability of the games. For instance, under certain sports betting contracts, we track betting transactions in real time through our trading/risk management team, identify potential payout risk and take corrective action, such as adjusting odds and blocking bets and/or events when necessary and also incorporating a sophisticated alerting system based on pattern recognition which allows setting up automated limits.

Interactive Managed Services

We offer interactive managed services to lotteries and state and state-licensed organizations, such as interactive marketing, business analytics, media and gaming, as well as technology and operational services. Our offering is strictly dedicated to B2B, B2G and regulated B2C markets, using the "dotcountry" or "dotstate" model as opposed to the "dotcom" model, specifically, under the dotcountry or dotstate model, online gaming operators are licensed in a given jurisdiction through a country or state top-level domain name, and users from outside the jurisdiction are blocked from accessing the website. We offer a broad portfolio of our own games and content that can be deployed. In addition, games from third parties can also be seamlessly integrated into our Player Pulse platform. Our partner community program allows for the content to be instantly available and fully embedded in our solutions.

Our customers benefit from our multiple partnership models that are designed to advance their gaming operations. Our interactive services include customer acquisition and retention by helping gaming organizations to approach target groups through cross-channel marketing, search engine marketing, social media, mobile marketing and affiliated management.

Supply Chain Management

We design and offer warehousing, logistics and distribution services with the aim of optimizing supply chains, improving retailer satisfaction, reducing distribution costs and ensuring uninterrupted availability of stock. We have the necessary know-how and resources required to enhance productivity, efficiency and security throughout the entire supply chain management function of our gaming contracts and operations.

Media Broadcasting Portfolio of Services

In addition to the multimedia content that is displayed within the POS through LOTOS Horizon we offer a comprehensive media broadcasting portfolio of services and know-how in order to further enhance our customers' means of reaching audiences. The portfolio includes animated information and targeted messaging, the creation of a 24-hour television channel (lottery-dedicated media channel) and virtual studio draws, such as animated draws for broadcast.

Research & Development

We continuously invest in innovative solutions that are based on the development and improvement of novel and existing products. 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 our Innovation Lab (í-Lab), we provide all the necessary tools for innovation, from conceptualization to materialization. We have 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 and Greece. We have 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.

For the eleventh consecutive year we were ranked amongst the top 1,000 European organizations on the 2016 EU Industrial Research & Development Investment Scoreboard, prepared and published by the European Commission. Committed to a strategy with constant focus on Innovation, we are a significant R&D investor in Europe. The EU Industrial Research & Development Investment Scoreboard measured the total value of our global R&D investment financed with our own funds, irrespective of the location where the relevant R&D took place.

With our investments in R&D, 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 play slips, 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, we cooperate 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, we raised our 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. We actively support innovation and collaboration with dynamic new entities and highly skilled engineering capital and look forward to introducing more innovative technological solutions, pioneering gaming content and new gaming technologies.

Investment Policies

Before investing in a new contract, our management evaluates potential investments by following specific guidelines, including an assessment of both country and project risks. Country risks include assessing the political and legal environment, penetration of gaming, availability of infrastructure and sales networks. Project risks include assessing the entrance into new markets versus staying within existing markets as well as the renewal of existing projects, which provides the least risk, and the type of games, such as lotteries, betting or VLTs.

We seek to invest in contracts where the payback period (for contracts with finite durations) is between 30 and 50% of the contract duration and the internal rate of return ("IRR") target range is between 15 and 30% (selected based on the specific dynamics and risks of each particular project). In addition, to minimize the risks in new countries, contracts should be structured to involve less risk, such as receiving an ongoing percentage of sales instead of an upfront fee. For technology and support services contracts, we have a preference to be paid upfront and then receive a percentage of sales for services provided.

Intellectual Property

We have obtained many patents, licenses and trademarks that are essential to our business. We also develop our own software in-house.

Patents

As of July 2017, we held approximately 144 patents and designs worldwide and had approximately 66 additional patents at various stages of approval. We are continuously seeking to secure further patents on our developments. Our patents are primarily held by Intralot S.A. and Intralot Inc. Our most recent patents include an innovative mobile lottery native application, a novel fraud prevention and detection system for lottery and betting operators, a unique game that combines a selection of figures and numbers in multiple subsequent participations, a terminal design, a novel graphical representation method for displaying draw results as races and a high-end system using a camera for reading lottery/betting slips in different conditions.

Licenses and Trademarks

We have licenses related to the production and use of software in the jurisdictions in which we operate, and we expect to hold or acquire additional such licenses in the future.

In addition, we register the trademarks under which we operate in Greece and other jurisdictions. As of June 30, 2017, we had more than 50 registered trademarks in Greece. Additionally, we have more than 100 registered trademarks under which we operate worldwide.

Software

We employ engineers in Greece who have developed and continue to develop certain software, which is made available to the companies of Intralot Group. Our software is generally proprietary and the intellectual property of the software is managed according to concession requirements. For example, we develop software for terminals to manage lotteries, betting and online payments, as well as to integrate with other devices, such as mobile phones.

Risk Management for Licensed Operations

In 2015, we established an Enterprise Risk Management ("ERM ") framework which is applicable at a group level in order to identify, assess and manage risks related to the achievement of its business objectives. ERM aims to ensure stakeholder and shareholder trust through the appropriate and continuous balancing of risk and value. ERM follows a holistic approach for taking into account all parameters that drive the execution of our strategy, including 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.

ERM 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 our business objectives. 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 our 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 our 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 are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Insurance Coverage

We believe that we have commercially-reasonable insurance coverage with respect to errors and omission insurance, product and environmental liability, property insurance, business interruption insurance and other insurance. Furthermore, we consider the insurance coverage level relating to our directors and officers (D&O insurance) to be economically reasonable.

Litigation and Administrative Proceedings

Although we are a party to various claims, legal actions and administrative proceedings arising in the ordinary course of business, we believe, on the basis of information presently available to us, that the ultimate disposition of these matters will not likely have a material adverse effect on our consolidated financial position or results of operations. For information relating to litigation and administrative proceedings, see Note 2.20A to the interim financial statements of the Company for the six month period ended June 30, 2017 included in this Listing Prospectus.

Government Regulation

We believe that we are in substantial compliance with all material gaming laws and regulatory requirements applicable to us. We have developed and implemented a rigorous internal compliance program in an effort to ensure that we comply with legal requirements imposed in connection with our gaming-related activities, as well as legal requirements generally applicable to all publicly traded companies. We are firmly committed to full compliance with all applicable laws to prevent the violation of one or more laws or regulations. See "Regulation."

Responsible Gaming

We have adopted "responsible gaming" as a key element of our corporate responsibility strategy. Our systems and integrated terminals monitor registered players' behaviors. We can therefore apply gambling limits and send warning messages while educating about certain gambling risks. We actively support institutions committed to researching and treating gambling problems, such as the Hohenheim University Research Center on Gambling and the Montana Council on Problem Gambling. We also cooperate with FIFA to share our expertise in the detection of match-fixing, and we became the first international lottery vendor that was certified according to the World Lottery Association Security Control Standard.

In addition, Intralot de Peru and Maltco have been awarded Responsible Gaming Certificates by the World Lottery Association (the "WLA"), and Intralot Maroc SA and Maltco have been awarded Responsible Gaming Certificates by the European Lotteries (the "EL"). We have integrated the WLA Responsible Gaming Principles and the EL Responsible Gaming Framework into our core business values and practices for all of our global operations and are currently involved in the design of a new Responsible Gaming certification process for vendors under the aegis of the WLA.

REGULATION

Overview

We operate in the gaming industry in Australia, Bulgaria, the United States and several other countries in Europe and Latin America. The gaming industry, a significant sector of economic activity in many of these countries, remains highly regulated and closely monitored by government authorities.

The following is a description of certain aspects of the current regulatory structure affecting the gaming industry, including recent changes, in the following jurisdictions: Australia, Bulgaria, Italy, Malta, the United States, Poland and Jamaica.

The Australian Gaming Market

In Victoria, Australia, we operate as the independent licensed monitor of all electronic gaming machines ("EGMs") outside the Melbourne Casino. We also provide an integrated lottery system and other information technology services to Lotterywest, the lottery corporation owned and operated by the Western Australian State Government.

Our appointment as the independent licensed monitor of all EGMs in Victoria outside the Melbourne Casino commenced on August 16, 2012, and expires on August 16, 2027. This license was granted by the Victorian State Government. Our contract for services with Lotterywest expires on June 9, 2021.

Gambling in Australia is subject to federal and state laws. Federal laws include the *Interactive Gambling Act 2001* (Commonwealth), the *National Gambling Reform Act 2012* (Commonwealth), the *National Gambling Reform (Related Matters) Act (No. 1) 2012* (Commonwealth), and the *National Gambling Reform (Related Matters) Act (No. 2)* 2012 (Commonwealth). These laws prohibit certain types of interactive and internet gambling services and set out requirements for the operators of EGMs. In particular, the three reform laws provide for a national pre-commitment system for all EGMs and also set up a regulator to monitor and investigate compliance with federal gambling regulations. The principal state law affecting our operations is the *Gambling Regulation Act 2003* (Victoria), which regulates our monitoring of EGMs in Victoria.

On March 25, 2014, the *Gambling Regulation Act 2003* (Victoria) was amended to introduce laws implementing Victoria's new voluntary EGM pre-commitment scheme. This scheme commenced on December 1, 2015 and allows players of EGMs to set voluntary time or monetary limits on their play as a gambling harm minimization measure. This is achieved through a mandatory state-wide player card system operating on all currently monitored EGMs as well as EGMs operating in the Melbourne Casino. While the use of pre-commitment is voluntary for players, the pre-commitment technology and system has been mandatory for all EGMs to operate in Victoria since December 1, 2015 (the commencement date of pre-commitment set out in the amended *Gambling Regulation Act 2003* (Victoria)).

Pursuant to the changes to the *Gambling Regulation Act 2003* (Victoria), we have been requested by the Minister for Liquor and Gaming Regulation to provide a pre-commitment system to operate on all currently monitored EGMs as well as EGMs operating in the Melbourne Casino. This is a total of approximately 28,700 EGMs throughout the State of Victoria.

The Bulgarian Gaming Market

The gaming industry in Bulgaria is regulated by the Gambling Act, effective from July 1, 2012, which replaced the Gambling Act previously effective from 1999. Unlike the 1999 Gambling Act, the new Gambling Act provides explicit regulation of internet gambling. The Gambling Act authorizes the Government and the Minister of Finance to implement secondary regulation of the gaming industry. At present, seven Ordinances have been issued on specific matters. The principal supervisory body regulating gaming in Bulgaria is the State Gambling Commission within the Ministry of Finance (the "Commission"). The Commission provides a third level of regulation through general mandatory rules and requirements concerning: (i) general terms and rules for organization of gaming with gaming machines; (ii) unified requirements in regards to gambling halls and casinos (i.e. types of premises, size, layout, technical equipment for control, etc.); (iii) organization of work and financial supervision of gaming in casinos; and (iv) control systems for gambling and gaming equipment, gaming software and communication equipment for internet gaming. Rules adopted by operators may not contradict the general mandatory rules issued by the Commission and are subject to approval by the Commission. The Commission also (i) issues gambling licenses under the Gambling Act and oversees amendments to previously issued licenses; (ii) performs inspections, imposes sanctions, and revokes issued licenses in case of breach; and (iii) performs other activities as prescribed by law.

We operate various lottery and betting games in Bulgaria. Our indirect subsidiary Eurofootball OOD holds a ten year license, issued on April 28, 2017, to operate betting on land based sports and horse and dog racing. This license was further updated on July 31, 2017 to increase the number of POS. Eurofootball OOD holds also a ten year license, issued on February 27, 2014 to operate online betting on land based sports and horse and dog racing, which was updated on June 20, 2017.

The following terms and conditions have been approved by the Commission in respect of the games organized by Eurofootball OOD:

(i) Mandatory gaming terms and conditions for conducting the "EUROFOOTBALL" game with betting on outcomes of sports events and horse and dog races organized by "EUROFOOTBALL" OOD, approved by the Ministry of Finance, State Gambling Commission by virtue of decision No 000030 4982/28.04.2017; and

(ii) Mandatory gaming terms and conditions for organizing the online gambling game "EUROFOOTBALL" with betting on outcomes of sports events and horse and dog races, approved by the Ministry of Finance, State Gambling Commission by virtue of decision No 21 875/25.02.2014.

The Italian Gaming Market

In Italy, we hold a 20% stake in Gamenet Group S.p.A., a company operating various lottery and betting games, slot machines and online gaming platforms.

The gaming industry in Italy is subject to a number of laws and regulations.

All the regulatory functions applicable to the gaming sector in Italy are carried out by one regulatory authority, the Amministrazione Autonoma dei Monopoli di Stato (the "AAMS"), which sits within the Customs Agency (Agenzia delle Dogane e dei Monopoli). Italian law also provides that AAMS can exercise its activities through the instrument of a "public concession," which constitutes more than a "license" as it entails the delegation of public powers from the authority (in this case, AAMS) to the dealer.

Gaming operators may exercise their activities in Italy only by obtaining such public concessions, which are awarded through a public tender. The award of a concession is subject to various requirements, including capital requirements and delivery of financial guarantees, the certification and testing of the gaming platform and a license granted by the police for each point of sale.

In respect of sports betting and horse betting, the betting offer is subject to certain limitations, including that it must be included in the so-called *palinsesti* released by AAMS and included in the type of bets authorized by AAMS. Concessionaires are also allowed to propose additional *palinsesti,* the so called *"palinsesto complementare"* as well as additional type of bets, but subject to AAMS approval. No limitations on payout in respect of sports bets are specified by law.

In respect of remote games, it is compulsory to make certain tools available to players on the website for self-control over their own game. For remote skill games with money winnings, the participation right to the gaming session must include additional sessions and cannot be higher than 250 Euros. For remote games of chance with money winnings at fixed-odds (except for lotto) and remote cards games with money winnings other than tournaments, the opening stake to participate in the gaming session must include further additional transfers of gaming accounts or of possible bonuses and cannot be higher than €1,000.

AAMS also regulates VLTs and AWPs, requiring winnings of no less than 85% and 70% respectively of total wagered amounts and mandating that terminals be connected to a data network operated by AAMS.

VLTs may only be installed at dedicated venues and are subject to certain physical specifications according to law. The ceiling price for a single game must be equal to €10 with a minimum stake of €0.50. The ceiling jackpot for each room must be equal to €100,000 (one hundred thousand/00). The percentage of the stakes allocated to winnings relevant to each game offered cannot be lower than 85%.

AWPs (or NEW SLOT) are not restricted to placement in certain areas, save for certain local regulations requiring minimum distances from sensitive areas (schools, hospitals, churches, etc.). However, installation is subject to certain physical specifications according to law. In respect of every single complete cycle of AWP games, a percentage not lower than 70% must be allocated to winnings. Italy's 2016 budget provided for a 30% decrease in the overall number of AWP licenses in place as of December 31, 2015, to be gradually implemented by April 30, 2018 and also for the replacement of the AWP machines with new systems providing for remote control similar to the VLTs, to be completed by the end of 2019.

All games are subject to limitations pursuant to anti-money laundering Law no. 231/2007, which requires player identification and verification for any transaction equal to or greater than €499.99 for VLTs and € 1,999.99 for bets, as well as for all remote gaming transactions regardless of the amount played. This law also contemplates that amounts equal to or greater than €3,000 shall not be paid cash, but only by means of traceable payment methods.

Gamenet Group S.p.A.'s subsidiaries have obtained the necessary concessions and licenses from the AAMS and other authorities to operate lottery and betting games, slot machines and online gaming platforms in Italy. The betting licenses have expired on June 30, 2016 and have been temporarily extended awaiting the launch of the new tender, to which the relevant subsidiaries have already declared their intention to participate. The AWP and VLT concession began on March 20, 2013, for a period of nine years.

The Maltese Gaming Market

In Malta, we operate three national lottery games (Super 5, Saturday Lotto and Grand Lottery) as well as the following additional games: U*BET Fixed Odds Betting offering both pre-game and live betting, U*BET Fixed Odds Racing offering fixed odds betting on British and Irish Horseracing, U*BET Horseracing with ATG Swedish Horse Racing, GBI British and Irish Horseracing and PHUMELELA African and Asian Horse Racing, Bingo 75, FAST BINGO, Quick Keno and Scratchers Instant Games.

The lottery in Malta was privatized through a bidding process in 2004, whereby Maltco (which we have a 73.0% stake in) was awarded an eight-year license to operate National Lottery Games in Malta. Upon expiry of this license in 2012, Maltco was awarded a ten-year license to operate our games, which expires on July 4, 2022.

The gaming industry in Malta is subject to the 1998 Gaming Act and the 2001 Lotteries & Other Games Act as well as a number of regulations issued under the aforementioned acts, including the 2004 Remote Gaming Regulations and the 2011 Gaming Devices Regulations. The principal authority administering the gaming industry in Malta is the Malta Gaming Authority (MGA). The Lotteries and Other Games Act, 2001 sets out various obligations for the licensee of the National Lottery. There are age restrictions for players, and Maltco's rules state that only those aged 18 and over may play its games. All persons selling Maltco's games must be in possession of a permit issued by the MGA prior to commencing their operations. The principal beneficiaries of gaming proceeds are the Government of Malta, the MGA and the operators.

In addition to the above, gaming legislation promotes a number of funds, such as the National Lottery Good Causes Fund and the Responsible Gaming Fund. Maltco is required to make an annual contribution of €50,000 to the Responsible Gaming Fund. Maltco is also required to procure and annually renew a bank guarantee of €4,000,000 in favor of the MGA to secure its obligations, and must pay annual license fees to the MGA.

In respect of Maltco's national lottery games, the gaming duty due to the Government of Malta is 20% of gross turnover. Also in respect of additional games with a fixed prize guaranteed by the operator, excluding betting (but inclusive of games where the prizes are capped) and excluding Quick Keno, the gaming duty due is 20% of gross turnover. In respect of instant lottery games (including scratch cards but excluding Quick Keno, the gaming duty due is 12.5% on the gross turnover. In respect of additional games with a prize dependent on the total amount played (pool prize), gaming duty due is 25% of the net turnover. For additional games including sports betting, horse racing, Bingo 75, FAST BINGO and Quick Keno, the gaming duty due is 25% of the net turnover. Gaming duty is paid on a monthly basis.

Under its license, Maltco may operate all games from a maximum of 240 agents' POS dedicated exclusively to selling all its games. In addition, Maltco may operate certain games (excluding Saturday Lotto, Super 5, U*Bet Fixed Odds Betting and U*Bet Horse Racing) from a maximum of 350 sellers' POS including cafeterias, bars, restaurants, bookstores, hotels, Malta International Airport, Malta—Gozo passenger ships, places of entertainment, and shops. Maltco also has the ability to appoint street vendors to sell Scratchers Instant Tickets and Grand Lottery Tickets. Agents, sellers and street vendors are paid a commission from Maltco, which varies for each game up to a maximum of 10%. Agents, sellers and street vendors also receive a 2% commission for cashing out prizes under €5,000. Prizes in excess of €5,000 must be cashed out from Maltco's Head Office. Agents, sellers and street vendors are required to record any transactions of €2,000 or more in line with applicable anti-money laundering and anti-terrorism laws and regulations.

The maximum wagers in respect of Maltco's games are as follows: for Lotto, €62,016 per coupon (excluding consecutive draws); for Super 5, € 124,032 per coupon (excluding consecutive draws); for Quick Keno, €5,000 per coupon; for Grand Lottery, €2 per ticket; for U*BET Fixed Odds Betting €1,000 per ticket, for Scratchers, €1-€5 depending on the ticket price; for Bingo 75, €1.20 per ticket; and for FAST BINGO, €0.60 per ticket.

For Super 5, the minimum payout ratio is 45% of sales. For U*BET Horse Racing ATG, the payout ratio is 65% to 80% of sales, depending on the bet type. For U*BET Horse Racing GBI, the payout ratio is 70% to 82% of sales, depending on the bet type. For U*BET Horse Racing PHUMELELA, the payout ratio is 75% to 80% of sales, depending on the bet type.

The United States Gaming Market

In the United States, we operate as a lottery systems and services provider to twelve lotteries. The regulation of gaming in the United States, including lotteries, is by and large a function of the States. Federal laws regulate four primary areas: unlawful gambling, anti-money laundering and prohibited internet gaming, sports wagering and Indian gaming. The principal gaming authorities in the United States include State lottery boards or commissions for the lottery, State gaming control boards or commissions for "traditional style" gaming and sports wagering (and sometimes the VLT environment), as well as the National Indian Gaming Commission.

We do not hold licenses from any gaming authority in the United States, as our relationships with the lotteries are contractual.

The Polish Gaming Market

In Poland, we operate fixed odds betting games, pool games, racing games and virtual games. Totolotek S.A. is a sports betting POS network operator with over 270 POS and online offering via its website (www.totolotek.pl). The gaming industry in Poland is subject to a number of laws and regulations, which include the Gaming Act, the Customs Services Act, the Anti-Corruption and Anti-Money Laundering Act, the Personal and Data Protection Act and the Act on Provision of Services via the internet. The principal authorities regulating gaming in Poland include the Ministry of Finance (the main regulator) and the Fiscal Chambers with its regional offices.

We hold licenses to operate mutual and fixed odds sport betting and pool games in our network of points of sale in Poland and online. The six year licenses in relation to retail sales were granted by the Ministry of Finance on November 30, 2012 and will expire on November 30, 2018, while the online license was granted on May 30, 2013 and will expire on May 30, 2019. Betting licenses are required in respect of people and animals (fixed odds betting and pool) betting and are issued for six-year durations for each sales channel (retail and online separately). A Ministry of Finance permit is required for every POS within the retail sports betting network. The gaming tax in respect of sport events with involvement of people is 12% on turnover; in respect of animals, it is 2.5% on turnover.

For fixed odds betting and pool games, maximum wagers are €12,500 per coupon for 1-14 events on one coupon, and €25,000 per coupon for 15-32 events on one coupon, and €50,000 per coupon for coupons played as a system. Minimum wagers for fixed odds betting are not specified by law. Minimum and maximum pay out are not regulated by law in respect of fixed odds betting games on sports but virtual games payout cannot be lower than 5% below the real-live sports betting payout from previous month of the given operation. In respect of pool games, by law the payout is set at a minimum of 50% while the wager is at the discretion of the operator; however, game regulations specifying precise payouts and wagers must be approved by the regulator. In respect of pool games the value of maximum winnings depends on the jackpot accumulated in the pool, the sum of paid in bets, the number of events correctly indicated by players and the number of players who have correctly indicated the same results. In respect of greyhound dog racing, the operator can freely adjust the pay out, rates and wagers. Player winnings in an amount below €500 from a single bet are exempt from personal income tax, while all winnings above this amount are taxed with 10%. The operator is required to keep a register of players who have won €5,000 or more in a given day.

Online betting has been legal in Poland since July 2012. In June 2013, the Ministry of Finance granted a six year online betting license to Totolotek. Under this license, which was announced in July 2013, Totolotek is offering pre-game and live fixed odds betting, sports pool games and virtual games over the internet and mobile to players in Poland. Totolotek commenced interactive operations under this license in October 2013.

The Jamaican Gaming Market

The principal law regulating the gaming industry in Jamaica is the Betting, Gaming & Lotteries Act (the "Act"). Regulations governing particular areas of gaming have been issued under the Act. Licenses are required to operate lottery-type games and other games of chance. These licenses are granted and monitored by the Betting Gaming and Lotteries Commission (the "BGLC"). The BGLC regulates the operations of licensees and is the primary gaming authority in Jamaica. The BGLC can impose sanctions for breaches of the Betting Gaming & Lotteries Act, the regulations issued under it and the terms of the licenses issued by the BGLC.

Lottery Operations

Supreme Ventures Limited ("SVL"), through its subsidiary Prime Sports (Jamaica) Limited ("PSJL"), holds a license to lottery-type games and other games of chance. The games currently marketed by SVL are "Lotto," "Cash Pot," "Lucky 5," "Dollaz!," "Pick 3," "Pick 2," "Pick 4," "Money Time," "Top Draw," "Pay Day," and "Super Lotto." PSJL's license remains in force until January 10, 2033, and may be renewed. An extension is subject to an additional cumulative investment by 2018 of U.S. $5,000,000 by PSJL together with SVL, GTECH and Intralot. The BGLC must be informed as and when these investments occur. PSJL must comply with the terms of its license and in particular maintain a dedicated trust account for the deposit of all monies accruing from the sales of its products in which account sufficient funds must be held to discharge the following obligations:

(a) payment of prizes;

(b) payment of statutory liabilities;

(c) contributions to Culture, Health, Arts, Sports and Education ("CHASE") Fund; and

(d) contributions to the BGLC.

PSJL must ensure that:

(a) appropriate measures are taken to exclude illegal participation in gaming activities by minors;

(b) permitted activities are not conducted at a location which the BGLC has not approved;

(c) payment of contributions to CHASE Fund (3.65% of the weekly ticket sales, and 50% of the value of all unclaimed prizes arising from weekly ticket sales);

(d) payment of contributions to the BGLC (1.8% of weekly ticket sales, and 50% of the value of all unclaimed prizes arising from weekly ticket sales);

(e) payment to the BGLC of the annual license fees of JMD 2.4 million per game;

(f) payment to the Government of Jamaica of lottery tax (20% of weekly net ticket sales for Lucky 5, Cash Pot, Pick 2, Pick 3 and Pick 4; and 25% of weekly net ticket sales for Dollaz!, Lotto and Super Lotto); and

(g) payment to the BGLC Lottery Prescribed Premises fee of JMD10,000 per company-operated outlet, Lottery Agents Licence of JMD 5,000 per agent, Lottery Sales Outlet fee of JMD 1,075 per outlet, Terminal Operator fee of JMD 5,000 per operator and due diligence fee of JMD 5,000 per new agent. Annual Contributions are also payable to the Tax Administration of Jamaica (TAJ) of JMD 2,500 per premises.

Contributions and fees payable to the BGLC are subject to change.

The BGLC may suspend, vary or revoke any license granted and may impose other penalties following an investigation carried out in keeping with the provisions of the Act arising from, among other things:

(a) information given to the BGLC by PSJL being found to be materially false;

(b) there being a material change in PSJL's circumstances which the BGLC relied on in connection with the grant of the license; or

(c) there being an uncured breach of standard operating procedures or the conditions of the license.

Gaming Operations

The operation of gaming lounges of chance in Jamaica is governed by the Act and the regulations issued thereunder. The Act prescribes that licenses are required to operate gaming lounges and amusement machines. The licenses are granted and monitored by the BGLC, which regulates the operations of gaming lounges and machines. Licenses for the gaming lounges are granted annually. The regulations issued pursuant to the Act prescribe that PSJL pay a gross profit tax of 6.5% of meter net wins on a monthly basis to the Government of Jamaica. In addition, PSJL must make a monthly contribution of 1% of meter net wins to the CHASE Fund, and a contribution of 2.5% of meter net wins to the BGLC. An annual fee of JMD 4,000 is payable per gaming machine, JMD 1,000 per licensing disc machine, JMD

1,000 per premises, Employee Due Diligence Fee of JMD 5,000 per new employee and JMD 5,000 per prescribed worker. Annual Contributions are also payable to the Tax Administration of Jamaica (TAJ) of JMD 2,500 per premises.

Sports Betting Operations

The BGLC grants "bookmaker's permits" pursuant to the regulations under the Act. PSJL is the holder of the bookmaker's permit granted in respect of PSJL's sports betting operations. The permit is subject to certain conditions as described below and is renewable every two years. PSJL's current permit is in force until March 31, 2017. The holder of a bookmaker's permit is required to pay a tax of 7% of gross profit (sales net of prizes). In addition, the holder of the permit is required to pay 1% of gross profit to the BGLC and contribute 1% of gross profit to the CHASE Fund. In addition, under the Act and regulations issued thereunder, PSJL is required to maintain a performance bond guarantee from a bank to support certain of its financial obligations. Its current JMD 10,000,000 bond expires on June 25, 2018. Bookmakers/sports betting agents are required to pay annual license fees to the BGLC, which are modest, including:

(a) Bookmaker's license fee—JMD 10,000;

(b) Betting agency permit—JMD 10,000 for each location;

(c) Betting Lounge Fee—JMD 15,000 per location;

(d) Betting Office Fee—JMD 10,000 per location; and

(e) The terminal operator fee—JMD 4,000.

In addition, PSJL's bookmaker's permit is JMD 200,000 per year and follow-up inspection and re-inspection is JMD 20,000 per visit.

Horse Racing, Simulcast Promotion, Pari-mutuel Pool Operations

Supreme Ventures Limited (SVL) acquired the operations of Caymanas Track Limited (CTL) in February 2017 through its wholly owned subsidiary Supreme Ventures Racing and Entertainment Limited (SVREL). SVL operates a race track. Horse racing, simulcast promotion and pari-mutuel pool operations are regulated by the Jamaica Racing Commission (JRC). The property where the horse racing is conducted is regulated by the National Environmental Protection Agency (NEPA), the Water Resource Authority (WRA) and the South East Regional Health Authority (SERHA). There are assorted fees payable annually in relation to the various activities taking place at the race track.

MANAGEMENT

Intralot Capital Luxembourg S.A.

Board of Directors

The following table sets forth certain information concerning the members of the board of directors of Intralot Capital Luxembourg S.A:

Name	Year of Birth	Position
Antonios Kerastaris	1969	Chairman, Class A Director
Jacob Mudde	1969	Class B Director
Fabrice Rota	1975	Class B Director

The members of the board of directors can be contacted at the Issuer's registered address: 46A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The following is biographical information for each of the members of the board of directors of the Issuer, as at August 31, 2017:

Antonios Kerastaris has been a member of the Issuer's board of directors, as Class A Director, since its establishment and is also the CEO of Intralot S.A. and an executive member of Intralot S.A.'s board of directors. Previously, Mr. Kerastaris served as Group Chief Financial Officer of Intralot S.A. Prior to joining Intralot, he was the Chief Executive Officer at Hellas Online from August 2009, where he had previously served as Chief Financial Officer from April 2008. From 2005 to 2008, he was the Chief Financial Officer of Cosmote Romania. He also held senior financial positions in large multi-national companies such as Procter & Gamble, Hilton and Mercedes for over 12 years. Mr. Kerastaris holds a degree in Business Management from the Athens University of Economics.

Jacob Mudde has been appointed as Class B director of the Issuer, in replacement of Eric van Os, on 30 November 2015. He currently holds the position of Deputy Managing Director at TMF Luxembourg S.A. Within the management team Mr. Mudde is responsible for the legal and compliance department as well as the tax compliance department. He has a LL.M from the Law School of the Erasmus University of Rotterdam (the Netherlands), a post-graduate European master degree in law and economics (LL.M) from the universities of Hamburg, Ghent and Manchester and a bachelor's degree in accounting (B.Ec). He has over 15 years of corporate governance experience. Prior to join TMF, Mr. Mudde has worked with Amaco (now SGG) in the Netherlands and Curaçao, Brunel and PWC.

Fabrice Rota has been a member of the Issuer's board of directors, as Class B Director, since its establishment and also has experience leading a legal team serving private equity firms, institutional clients and individuals for TMF Luxembourg S.A., a leading international corporate services provider. Mr. Rota was appointed Director of Client Services, Private Equity and Structured Finance Services, at TMF Luxembourg S.A. with effect from March 1, 2013. Previously, he worked within the corporate department and corporate desk at Société Européenne de Banque SA (Intesa-San Paolo). Mr. Rota holds a degree in international trade from the University of Metz.

Intralot S.A.

Board of Directors

The following table sets forth certain information concerning the members of the board of directors of Intralot S.A.:

Name	Year of Birth	Position
Socrates Kokkalis	1939	Chairman, Executive Board Member
Constantinos Antonopoulos	1953	Vice chairman, Non-executive Board Member
Antonios Kerastaris	1969	CEO, Executive Board Member
Konstantinos Kokkalis	1982	Non-executive Board Member
Dimitrios Klonis	1953	Non-executive Board Member
Petros Souretis	1969	Non-executive Board Member
Sotirios Filos	1936	Non-executive Independent Board Member
Anastasios Tsoufis	1953	Non-executive Independent Board Member
Yannis Tsoukaridis	1947	Non-executive Independent Board Member

The members of the board of directors can be contacted at the Company's business address: 64, Kifissias Ave. & 3, Premetis Str., 151 25 Athens, Greece. The following is biographical information for each of the members of the board of directors of Intralot S.A.:

Socrates Kokkalis serves as chairman and executive member of the board of directors of Intralot S.A. He received an MSc degree in physics and electronics from Humboldt University of Berlin, Germany, in 1963. Mr. Kokkalis is the founder of Intralot S.A. and has served as chairman of the board of directors since its establishment. He is also the founder and chairman of Intracom S.A. In 1997, he was acclaimed a John Harvard Fellow after establishing the Kokkalis Program at the Kennedy School of Government at Harvard University, United States. In 1998, Mr. Kokkalis founded the Kokkalis Foundation, a non-profit organization with a focus on educational and regional development issues.

Constantinos Antonopoulos serves as vice chairman and non-executive member of the board of directors. Mr. Antonopoulos served as CEO from 1992 to 2013. Mr. Antonopoulos is a founding member and shareholder of Intralot S.A. He graduated in 1976 from the National Technical University of Athens with a degree in electrical engineering. He continued his studies at the University of Manchester (UMIST), England and received a MSc degree in systems reliability. He is also the chairman of many Intralot Group companies and a member of the board of directors of Intracom Holdings. He launched his career by joining Greek industrial enterprises, such as the Hellenic and Eleusis Shipyards, and held a succession of managerial positions at the Ministry of Finance and the Ministry of Industry.

Antonios Kerastaris is an executive member of the board of directors and serves as CEO of Intralot S.A. Previously, Mr. Kerastaris served as Group Chief Financial Officer of Intralot S.A. Prior to joining Intralot, and he was the Chief Executive Officer at Hellas Online from August 2009, where he had previously served as Chief Financial Officer from April 2008. From 2005 to 2008, he was the Chief Financial Officer of Cosmote Romania. He also held senior financial positions in large multi-national companies such as Procter & Gamble, Hilton and Mercedes for over 12 years. Mr. Kerastaris holds a degree in Business Management from the Athens University of Economics.

Konstantinos Kokkalis serves as non-executive member of the board of directors of Intralot S.A. He holds a degree of BSc in International Relations and Economics from Boston University and an Executive Graduate Diploma in Finance from Columbia University. He is also the Chief Executive Officer of Intracom Holdings and Hellas Online. Mr Kokkalis is also an Executive Member of the Board of Directors of the following subsidiaries of Intracom Holdings: Intrasoft International and Intracom Defense Electronics. Mr. Kokkalis began his professional career as Business Development Executive of Intracom Holdings. He became the Corporate Strategy Director of Hellas Online in 2006 and Deputy Executive Officer of Hellas Online in 2009. Prior to his current position, he was the Deputy Executive Officer of Intracom Holdings, a position he had held since July 2013.

Dimitrios Klonis serves as non-executive member of the board of directors of Intralot S.A. He holds an MSc and a PhD degree in economics from the University of London and a BSc degree in economics from Athens University of Economics and Business. Dr. Klonis joined the Intracom group in 1994 as deputy general manager of corporate finance and administration and has been the Intracom group's CEO since October 1995. He has served as member of the board of the directors of Intralot S.A. since October 1995, and between March 2004 and February 2006 he served as vice chairman. Since February 2011, he has also served as vice-chairman of the board and deputy CEO of Intracom Holdings. In addition, he is a member of the board of several other companies within the Intracom group.

Petros Souretis serves as non-executive member of the board of directors of Intralot S.A. He holds a civil engineering degree from Aristotelio University of Thessaloniki, an MSc in "Structures of Hazards" from City University in London and an international MBA degree from the University of Economics of Athens. He serves as an executive member of the board of directors and CEO of Intrakat S.A. and currently also holds, and has previously held, various other executive positions at Intrakat group companies. Until 2006, Mr. Souretis served on the board of directors of Intracom Bulgaria AD, Intralban ShA and Aitheras Energy.

Sotirios Filos serves as non-executive independent member of the board of directors of Intralot S.A. He holds a Bachelor's degree in economics from the Economic University of Athens. He is chairman of the audit and compliance committee as well as chairman of the remuneration committee within Intralot S.A. He also serves as non-executive independent member of the board of Intracom Holdings. He is an economist and has experience in accounting and internal control.

Anastasios Tsoufis serves as non-executive independent member of the board of directors of Intralot S.A. and was appointed to the board of Intralot S.A. in 2004. He is a graduate of law from the University of Athens. He is also a member of the audit and compliance committee as well as a member of the remuneration committee of Intralot S.A.

Yannis Tsoukaridis serves as non-executive independent member of the board of directors of Intralot S.A. He is a graduate from the Athens University of Economics, Department of Economics and Commercial Sciences (AUEB). He is the major shareholder of the listed in the ASE company Paperpack S.A. He began his career at Paperpack S.A. in 1973. In 1979, he was appointed General Manager and Financial Manager of the Paperpack S.A. Since 1996, he has been the President and CEO of Paperpack S.A. and the Paperpack Group. In addition, since 1982 he has participated as equal partner and manager of Benetton and Sisley, companies in the apparel sector.

Senior Management

The following table sets forth certain information concerning the members of the senior management of Intralot S.A.:

Name	Year of Birth	Position
Socrates Kokkalis	1939	Chairman, Executive Board Member
Antonios Kerastaris	1969	Group CEO, Executive Board Member
Socrates S. Kokkalis	1984	Group Deputy Chief Executive Officer
Nikos Nikolakopoulos	1968	Group Chief Operating Officer
Argirios Diamantis	1963	Group Chief Technology Officer
George Koliastasis	1967	Group Chief Financial Officer
Alina Papageorgiou	1969	Group Human Resources Director

The members of the senior management can be contacted at the Company's business address: 64, Kifissias Ave. & 3, Premetis Str., 112 57 Athens, Greece. The following is biographical information for each of the members of the senior management of Intralot S.A. (save for the biographical information of the Chairman and the Intralot Group CEO, which has been provided above):

Socrates S. Kokkalis serves as Deputy Chief Executive Officer of the Intralot Group. He graduated from Athens College in 2001 and holds a B.A. in International Relations from Boston University, where he graduated in 2005. Previously, he served in the Commercial Division of Intralot from 2007 and joined Intralot Interactive as Business Development Manager in 2010. He has also served in the Commercial Department of P.A.E. Olympiacos since 2008. In February 2009, he was elected as Non-Executive Member of the Board of Directors of Intrakat S.A.

Nikos Nikolakopoulos serves as Chief Operating Officer of the Intralot Group. He studied Information Technology at the Athens Economic and Business University and holds an MBA from LaVerne University. Prior to his current position, Mr. Nikolakopoulos was President for the Latin America, Western Europe and Africa regions of the Intralot Group and Managing Director of Intralot Latin America. In 2007, he joined Intralot as the Intralot Group Strategy Director. Before joining Intralot, he held a series of senior positions in multinational IT companies, including Intracom Group, Microsoft, Singular Logic and Bull S.A.

Argirios Diamantis serves as Chief Technology Officer of the Intralot Group. He holds an Executive MBA from the Athens University of Economics and Business, as well as a Master of Science (M.Sc.) in Electrical Engineering and a Bachelor of Science (B.Sc.) in Computer Engineering from Northeastern University, Boston, Massachusetts, USA. Prior to his current position, he held numerous senior management positions in telecommunication companies, such as Vodafone, Hellas Online and Intracom Telecom. He is a member of the Federation of Telecommunications Engineers of the European Community, the Hellenic CIO Forum and the Technical Chamber of Greece.

George Koliastasis serves as the Chief Financial Officer of the Intralot Group. He holds a B.Sc. in Business Administration and an MBA in finance from the Warwick Business School. Prior to his current position, he served as chief financial officer at Intracom Holdings and as CFO and member of the Board of Directors of Vodafone Greece. Mr. Koliastasis has more than 15 years of experience as finance director, having worked at Bacardi Hellas, Misko, Xiosbank and Piraeus Bank.

Alina Papageorgiou serves as Human Resources Director of the Intralot Group. She holds a B.Sc. in Management and Organisational Behaviour from Deree, the American College of Greece, and an MBA from City University Business School, London. Prior to joining Intralot, Ms. Papageorgiou was the Intralot Group Human Resources Director of Vivartia S.A., Human Resources Director of AstraZeneca Hellas and Human Resources Director of Diageo Hellas and Turkey. She has also held senior Human Resources positions in Nestle Hellas and Eurobank, and has also taught at Deree, the American College of Greece.

Remuneration of the Members of the Board of Directors and Senior Management of Intralot S.A.

The aggregate compensation of the abovementioned members of the board of directors and senior management of Intralot S.A. for the year ended December 31, 2016 was €2.7 million. In addition, we provide stock options to members of our management, and certain members of our board and certain of our senior management hold shares in our stock. See "Principal Shareholders." As of June 30, 2017 Intralot S.A. had no active stock option plan.

Corporate Governance

The company under the trade name "Intralot S.A. Integrated Lottery Systems and Services" and with the distinctive title "Intralot" (Intralot S.A.) is a public limited liability company (*société anonyme*) organized under the laws of the Hellenic Republic. The Directors believe that Intralot S.A. satisfies the good governance principles provided by Greek legislation and the resolutions of the Hellenic Capital Markets Commission applicable to listed companies.

Board Independence

Greek governance rules set a framework for the independence of board of directors. At least one third of a company's directors must be non-executive members, at least two of which must also be independent non-executive directors. Exceeding minimum legal requirements, the company's board of directors comprises nine members, three of which are non-executive members and three are independent non-executive members. Anastasios Tsoufis, Anastasios Filos and Ioannis Tsoukaridis are the independent non-executive members, and Konstantinos Kokkalis, Dimitrios Klonis and Petros Souretis the non-executive members.

Board Committees

The Board of Directors has established the Audit and Compliance Committee, and the Remuneration Committee.

Audit and Compliance Committee

The audit and compliance committee comprises of Sotirios Filos, Anastasios Tsoufis and Ioannis Tsoukaridis. The audit and compliance committee assists the Board of Directors in meeting its obligations towards the shareholders, investors and other stakeholders of the company. The committee convenes at least three times a year and when deemed necessary. The audit and compliance committee is responsible for:

- overviewing the internal audit and risk management systems;
- supervising the effective operation of the Internal Audit Department;
- safeguarding financial information procedures;
- ensuring the audit of separate and consolidated financial statements;
- monitoring the company's budget execution;
- reviewing the independence and objectivity of chartered auditors;
- monitoring Intralot Group's effective financial reporting and audit procedures; and
- ensuring Intralot Group's compliance with applicable laws and regulatory framework.

The finance committee is a sub-committee of the audit and compliance committee. The finance committee comprises of the company's chief financial officer, the director of finance, the subsidiaries and business development director and other executives within the finance department. The finance committee is responsible for managing the company's exposure to financial risks.

Remuneration Committee

The remuneration committee comprises of Konstantinos Kokkalis, Sotirios Filos and Ioannis Tsoukaridis. The remuneration committee advises and supports the Board of Directors in matters relating to employment, recruitment and remuneration policies. The remuneration committee convenes at least once a year and when deemed necessary. The remuneration committee is responsible for:

- determining the employee remuneration policy;
- establishing employee loyalty programs, incentive bonuses schemes and equity plans;
- supervising the implementation of remuneration policies and programs; and

- overseeing the company's recruitment policies.

PRINCIPAL SHAREHOLDERS

Issuer

The Issuer is a direct wholly-owned subsidiary of Intralot Global Securities B.V. which is a direct wholly-owned subsidiary of Intralot S.A. The subscribed share capital of the Issuer amounts to €31,000, divided into 31 shares of €1,000 nominal value each, all of which are fully paid up. Intralot Capital Luxembourg S.A. shares are ordinary shares in registered form with voting rights.

Intralot S.A.

The issued share capital of Intralot S.A. amounts to €47,688,516.30, divided into 158,961,721 fully paid-up shares of €0.30 nominal value each. All shares of Intralot S.A. are listed on the Main Market of the Athens Exchange. Intralot S.A. shares are common registered shares with voting rights.

The following table sets forth information regarding each person that Intralot S.A. believes beneficially holds more than 5% of the outstanding shares of Intralot S.A.'s common stock as of September 4, 2017:

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned(2)	Percentage of Common Stock Outstanding	Shares according to Latest Public Disclosure
Socrates Kokkalis(1)	31,800,000	20.0%	31,800,000
Mittleman Brothers LLC	16,239,881	10.2%	16,239,881
Konstantinos Dimitriadis	11,852,055	7.5%	14,230,000
Makuria Credit Master Fund Ltd	10,444,031	6.6%	7,984,244
Novomatic AG......................	8,061,888	5.1%	8,061,888

(1) Socrates Kokkalis is chairman and executive board member of Intralot S.A. In addition, other directors and senior management of Intralot S.A. beneficially hold a percentage of outstanding shares of Intralot S.A.

(2) As stated in the latest official register kept by Hellenic Capital Market Commission.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the past, we have entered into, and expect to enter into in the future, contractual arrangements with our principal shareholders or companies controlled by them. We also acquire goods and services from, or sell goods and services to, various related parties in the course of our ordinary business. In particular, from time to time we procure hardware and software services from Intracom Holdings Group, which is our related party under common control with our major shareholder, Socrates Kokkalis and which provides us with certain subcontracting services such as hardware assembling and software development for various projects and is also a minor supplier of IT services to us. We also procure construction services from Intrakat S.A. See "Management" and "Principal Shareholders." In the year ended December 31, 2016, our income from Intracom Holdings Group was € 0.1 million and our expenses were €5.2 million. In addition, as of December 31, 2016, the Intralot Group receivables from Intracom Holdings Group were €8.5 million and our payables were €18.1 million. We believe that our prior and existing transactions and arrangements have been negotiated on an arm's length basis and contain market terms. However, there is the possibility that we could have obtained better terms from third parties. In respect of our sales of goods and services to related parties, the outstanding balances at the end of the year are not secured and their settlement is made in cash. No guarantees are provided or taken for such receivables.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements.

September 2021 Notes

Overview

On September 23, 2016, the Issuer issued €250,000,000 aggregate principal amount of 6.750% Senior Notes due 2021 (the "September 2021 Notes") under an indenture dated September 23, 2016, as amended, among, the 2021 Notes Issuer, each of the guarantors named therein, The Law Debenture Trust Corporation p.l.c., as trustee, Citibank, N.A. as paying agent and transfer agent and Citigroup Global Markets Deutschland AG as registrar. As of June 30, 2017, €250.0 million of the September 2021 Notes remained outstanding.

Ranking

The September 2021 Notes are general obligations of the 2021 Notes Issuer, rank pari passu in right of payment with all existing and future debt of the 2021 Notes Issuer that is not subordinated in right of payment to the September 2021 Notes, rank senior in right of payment to all existing and future debt of the 2021 Notes Issuer that is subordinated in right of payment to the September 2021 Notes and are effectively subordinated to any existing and future debt of the 2021 Notes Issuer that is secured by assets that do not secure the September 2021 Notes, to the extent of the value of assets securing such debt.

Interest Rates, Payment Dates and Maturity

The September 2021 Notes bear interest at a rate of 6.750% per annum. Interest on the September 2021 Notes is payable semi-annually in arrear on March 15 and September 15 of each year. The September 2021 Notes will mature on September 15, 2021.

Guarantees

The September 2021 Notes are jointly and severally guaranteed on an unsecured senior subordinated basis by Intralot S.A. and the September 2021 Notes Guarantors.

The guarantees by the September 2021 Notes Guarantors are a general obligation of the relevant guarantor, rank *pari passu* in right of payment with any existing and future debt of the relevant guarantor that is not subordinated in right of payment to such guarantee, including the Syndicated Facilities, rank senior in right of payment to any existing and future debt of the relevant guarantor that is subordinated in right of payment to such guarantee and are effectively subordinated in right of payment to any existing and future debt of the relevant guarantor that is secured, to the extent of the value of the assets securing such debt and are structurally subordinated to all existing and future obligations of the relevant guarantor's subsidiaries that do not guarantee the September 2021 Notes.

Optional Redemption prior to September 15, 2018 upon equity offering

At any time prior to September 15, 2018, the September 2021 Notes Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of the 2021 Notes, at a redemption price of 106.750% of the principal amount of the September 2021 Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, with the net cash proceeds of one or more of certain equity offerings of Intralot S.A., provided that: (1) at least 65% of the aggregate principal amount of September 2021 Notes remain outstanding immediately after the occurrence of such redemption; and (2) the redemption occurs within 90 days of the date of the closing of such equity offering.

Optional Redemption prior to September 15, 2018

At any time prior to September 15, 2018, the Issuer may redeem on any one or more occasions all or a part of the September 2021 Notes, at a redemption price equal to 100% of the principal amount of September 2021 Notes to be redeemed plus a "make-whole" premium and accrued and unpaid interest and additional amounts, if any, to the redemption date.

Optional Redemption on or after September 15, 2018

On or after September 15, 2018, the Issuer may on any one or more occasions redeem all or a part of the September 2021 Notes at the redemption prices (expressed as percentages of their principal amount at maturity) set forth below, if redeemed during the twelve month period beginning on September 15 of the years indicated below plus accrued and unpaid interest and additional amounts, if any, on the September 2021 Notes redeemed to the applicable redemption date:

Year	Percentage
2018	103.375%
2019	101.688%
2020 and thereafter	100.000%

Covenants

The September 2021 Notes indenture contains covenants that, among other things, limit our ability and the ability of our subsidiaries to:

- incur or guarantee additional debt;
- incur debt at Greek entities as long as Greece is rated below Ba2 by Moody's;
- make certain restricted payments and investments, including dividends or other distributions with regard to the shares of the Company or its restricted subsidiaries;
- create or incur certain liens;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

Events of Default

The September 2021 Notes indenture provides for events of default that are substantially similar to the events of default under the Indenture, which, if any of them occurs, would permit or require the principal of and accrued interest on the September 2021 Notes to become or to be declared due and payable.

Syndicated Facilities Agreement

Intralot Finance UK Limited, as original borrower, the Company, as parent and guarantor, the Issuer and various other subsidiaries of Intralot S.A., as guarantors, Alpha Bank A.E., London Branch, Eurobank Private Bank Luxembourg S.A., Nomura International plc, Société Générale Bank & Trust, National Bank of Greece S.A., London Branch and Piraeus Bank S.A., London Branch as original lenders and Société Générale, as agent, entered into a syndicated facilities agreement on December 16, 2016 (as amended from time to time) (the "Syndicated Facilities Agreement").

The Syndicated Facilities Agreement provides for borrowings in (i) a term facility (the "Term Facility") up to an aggregate of €98.9 million on a committed basis, (ii) a revolving facility (the "Revolving Facility") up to an aggregate of €86.1 million on a committed basis and (iii) a standby revolving facility (the "Standby Revolving Facility") up to an aggregate of €40 million on a committed basis. Loans from the Revolving Facility or the Standby Revolving Facility may be borrowed, repaid and reborrowed at any time. Loans from the Term Facility may be borrowed and repaid once.

Concurrent with the offering of the Notes, we intend to fully prepay and cancel the Term Facility.

Maturity and Amortization

Unless the lenders under the Syndicated Facilities Agreement have agreed to extend the final maturity date of the Term Facilities and the Revolving Facilities, each loan made under the Term Facility must be repaid in full on

December 16, 2019. Each loan made under the Revolving Facility or the Standby Revolving Facility must be repaid in full on or prior to December 16, 2019.

Interest Rate

The interest rate on loans under both the Term Loan Facility, the Revolving Facility and the Standby Revolving Facility is the aggregate of the applicable margin and EURIBOR. The margin may range from 4.50% to 6.00% per annum and is generally calculated by reference to the leverage ratio.

Guarantee

The obligations of the Original Borrower are unconditionally guaranteed by all of the guarantors of the September 2021 Notes, certain other Restricted Subsidiaries and the Issuer.

Covenants

The Syndicated Facilities Agreement contains customary information undertakings, general undertakings and financial covenants. Set forth below is a brief description of such customary covenants, all of which are subject to customary exceptions and qualifications.

Information Undertakings

The information undertakings require provision of customary financial and other information in relation to the Intralot Group and each obligor, including financial statements, compliance certificates and others documents reasonably requested by any finance party.

General Undertakings

The general undertakings include the following restrictions and covenants: (i) procurement, compliance and maintenance of all authorizations required under law; (ii) compliance with laws in the jurisdiction of incorporation of each obligor and all other jurisdictions where each obligor carries on its business; (iii) compliance with a negative pledge; (iv) restriction on disposals of assets; (v) restrictions on merger; (vi) restrictions on change of business; (vii) maintenance of insurance; (viii) maintenance of all licenses and authorizations; (ix) restrictions on financial indebtedness; (x) restrictions on obligors as creditors; (xi) maintenance of pari passu ranking; (xii) restrictions on dividends and share capital return except the minimum dividend required under Greek law; (xiii) restriction on deposits held with Greek banks; (xiv) restrictions on acquisitions; (xv) accession of additional guarantor(s) if the aggregate earnings before interest, tax, depreciation and amortization and aggregate total assets of the guarantors represent less than 70% of the consolidated EBITDA and total assets of the Intralot Group; (xvi) all Guarantors of the Notes also to accede as guarantors under the Syndicated Facilities Agreement; and (xvii) sanctions.

Financial Covenants

The Parent shall ensure that: (i) the leverage ratio in respect of each relevant period shall be less than 3.00:1; (ii) the ratio of consolidated EBITDA to consolidated net finance charges for any relevant period shall exceed 3.75:1; (iii) the aggregate capital expenditure in the each of the 2016, 2017 and 2018 financial years shall not exceed €85 million per financial year, subject to the provision that any amount which was not utilized in the 2016 or 2017 financial year may (subject to certain limitations) be carried forward to the subsequent financial year or financial years. This financial covenant is calculated and tested quarterly on a rolling twelve month basis by reference to the consolidated annual, half-year and quarterly financial statements. The calculation for the leverage ratio under the Syndicated Facilities is different than the calculation of the ratio of pro forma net financial debt to EBITDA. Please see "Summary Consolidated Financial Information—Other Financial Data." The Company is currently in compliance with the leverage ratio under the Syndicated Facilities.

Events of Default

The Syndicated Facilities Agreement provides for customary events of default including: (i) failure to pay any sum when due subject to a three business day grace period for delays caused by administrative or technical error or a disruption event; (ii) breach of any financial covenant; (iii) failure to comply with any provision of the finance documents other than those relating to non-payment and financial covenants subject to a 21 calendar day remedy period if capable of remedy; (iv) misrepresentation subject to a 21 calendar day remedy period if capable of remedy; (v) cross-default in relation to a material group member subject to a €35 million threshold; (vi) insolvency or insolvency proceedings in relation to a material group member; (vii) creditors' process subject to a €15 million threshold and if not discharged within thirty days; (viii) unlawfulness; (ix) repudiation of a finance document; (x) material adverse change; (xi) legal or administration proceedings pending or threatened; (xii) a subsidiary ceases to be a subsidiary of the Parent; and (xiii) cessation of business.

Governing Law

The Syndicated Facilities Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Bank of Valletta Facility Agreement

Maltco Lotteries Limited entered into a bilateral facility agreement on July 4, 2012 (as amended and restated from time to time) with Bank of Valletta. The Bank of Valletta Facility Agreement provides for a term loan in the amount of €20.0 million, an overdraft facility in the amount of €5.0 million and a general banking facility in the amount of € 300,000. As of June 30, 2017, we do not have any drawings under the Bank of Valletta Facility Agreement. Once the term loan has been repaid the overdraft will be converted into a term loan repayable over the remaining term of the facility up to the eighth anniversary of the license. The Bank of Valletta Facility Agreement includes customary representations, information undertakings, general undertakings and financial covenants for a facility of this nature. The Bank of Valletta Facility Agreement is governed by Maltese law and any dispute is subject to the exclusive jurisdiction of the Maltese courts. The Bank of Valletta Facility Agreement is secured over all of the assets of Maltco Lotteries Limited and is guaranteed by Associated Supplies Limited, Intralot S.A. and The Players Group Limited.

Bank of America Facility Agreement

Intralot Inc. entered into a bilateral facility agreement on February 9, 2010 (as amended and restated from time to time) with Bank of America N.A. The Bank of America Facility Agreement provides for a revolving line of credit up to an aggregate amount of U.S.$20.0 million. The facility matures in February of 2018. As of June 30, 2017, we do not have any drawings under the Bank of America Facility Agreement. The Bank of America Facility Agreement includes customary representations, information undertakings, general undertakings and financial covenants for a facility of this nature. The Bank of America Facility Agreement is governed by the laws of the State of Georgia. The Bank of America Facility Agreement is secured by certain assets of Intralot Inc. and is guaranteed by Intralot S.A. and Intralot Finance UK Ltd.

DESCRIPTION OF THE NOTES

The definitions of certain terms used in this description are set forth under the subheading "—Certain Definitions." In this description, the term "Issuer" refers only to Intralot Capital Luxembourg S.A., a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg which has been organized as a special purpose finance subsidiary; and the term "Company" refers only to Intralot S.A.—Integrated Lottery Systems and Services, a public limited liability company organized under the laws of the Hellenic Republic. The term "Notes" refers also to "book-entry interests" in the Notes, as defined herein.

The Issuer has issued and the Guarantors have guaranteed €500.0 million in aggregate principal amount of 5.250% Senior Notes due 2024 (the "Notes") under an indenture dated on September 20, 2017 (the "Indenture") among, inter alios, the Issuer, the Guarantors (as defined below), and The Law Debenture Trust Corporation plc, as the Trustee (the "Trustee") in a private transaction that is not subject to the registration requirements of the Securities Act. See "Transfer Restrictions." The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The gross proceeds of the offering of the Notes sold on the Issue Date will be used by the Company as set forth in this Listing Prospectus under the caption "Use of Proceeds."

The following description is a summary of the material provisions of the Indenture. It does not however, restate the Indenture in its entirety, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Notes and the Indenture. You should read the Indenture because it contains additional information and because it and not this description defines your rights as a holder of the Notes. A copy of the Indenture may be obtained from the Issuer upon request.

Brief Description of the Notes and the Guarantees

The Notes

The Notes are general obligations of the Issuer and:

- are guaranteed by the Company and the Subsidiary Guarantors;
- rank equally in right of payment with any existing and future Debt of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and future Debt of the Issuer that is subordinated in right of payment to the Notes; and
- are effectively subordinated in right of payment to any existing and future Debt of the Issuer that is secured by liens, to the extent of the value of the assets securing such Debt.

The Company Guarantee

The Company Guarantee of the Notes is a general obligation of the Company and:

- ranks equally in right of payment with any existing and future Debt of the Company that is not subordinated in right of payment to the Company Guarantee, including any obligations under the Syndicated Facilities;
- ranks senior in right of payment to any existing and future Debt of the Company that is subordinated in right of payment to the Company Guarantee; and
- is effectively subordinated in right of payment to any existing and future Debt of the Company that is secured by liens, to the extent of the value of the assets securing such Debt.

The Subsidiary Guarantees

Each Subsidiary Guarantee of the Notes is a general obligation of the relevant Subsidiary Guarantor and:

- ranks equally in right of payment with any existing and future Debt of the relevant Subsidiary Guarantor that is not subordinated in right of payment to such Subsidiary Guarantee, including any obligations under the Syndicated Facilities;

- ranks senior in right of payment to any existing and future Debt of the relevant Subsidiary Guarantor that is subordinated in right of payment to such Subsidiary Guarantee; and

- is effectively subordinated in right of payment to any existing and future Debt of the relevant Subsidiary Guarantor that is secured by liens, to the extent of the value of the assets securing such Debt.

Not all of the Restricted Subsidiaries of the Company guarantee the Notes. As of and for the last twelve months ended June 30, 2017, the Issuer, the Guarantors and their direct subsidiaries that are not Guarantors, on a consolidated basis, together represented 84.4% of our consolidated EBITDA and 89.8% of our consolidated total assets. As of and for the last twelve months ended June 30, 2017, the Issuer and the Guarantors that contributed positive EBITDA to the Intralot Group together represented 36.6% of our consolidated EBITDA and the Issuer and the Guarantors together represented 66.9% of our consolidated total assets, in each case on an unconsolidated basis and excluding intra-Group items and investments in Restricted Subsidiaries. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures." As of June 30, 2017, on an actual and *pro forma* basis the non-Guarantor subsidiaries of the Company (other than the Issuer) had €6.7 million and €6.3 million of debt outstanding, respectively. In the event of the insolvency, bankruptcy, liquidation or reorganization of any of our non-Guarantor Restricted Subsidiaries (other than the Issuer), such non-Guarantor Restricted Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us.

As of the date of this Listing Prospectus, all of the Company's Subsidiaries are "Restricted Subsidiaries." However, under the circumstances described below under the subheading "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate certain of our Restricted Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture and do not guarantee the Notes.

Release of the Company Guarantee

Subject to the following paragraph, the Company Guarantee is a continuing guarantee and shall (a) remain in full force and effect until payment in full of all of the Company's obligations under the Company Guarantee, (b) be binding upon the Company and its successors and (c) inure to the benefit of, and be enforceable by, the Trustee and its successors and assigns.

The Company Guarantee will be released:

(1) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge"; or

(2) upon the full and final payment and performance of all obligations under the Notes and the Indenture.

Release of the Subsidiary Guarantees

Subject to the following paragraph, each Subsidiary Guarantee of the relevant Subsidiary Guarantor is a continuing guarantee and shall (a) remain in full force and effect until payment in full of all of such Subsidiary Guarantor's obligations under the Subsidiary Guarantee, (b) be binding upon such Subsidiary Guarantor and its successors and (c) inure to the benefit of, and be enforceable by, the Trustee and its successors and assigns.

The Subsidiary Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant set forth under the heading "—Repurchase at the Option of Holders—Sales of Certain Assets";

(2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor, including any holding company thereof, to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant set forth under

the heading "—Repurchase at the Option of Holders—Sales of Certain Assets" and the Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon such Subsidiary Guarantor consolidating with, merging into or transferring all of its properties and assets to the Issuer or another Guarantor in accordance with the applicable provisions of the Indenture, and as a result of, or in connection with, such transaction such Subsidiary Guarantor winding down, dissolving or otherwise ceasing to exist;

(5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(6) upon the full and final payment and performance of all obligations under the Notes and the Indenture;

(7) as described under "—Amendment, Supplement and Waiver"; or

(8) with respect to the Subsidiary Guarantee of any Subsidiary Guarantor that was required to provide such Subsidiary Guarantee pursuant to the first paragraph of the covenant described under the caption "—Certain Covenants—Additional Guarantors," upon such Subsidiary Guarantor being unconditionally released and discharged from its liability with respect to the Debt giving rise to the requirement to provide such Subsidiary Guarantee so long as no Default or Event of Default would arise as a result and no other Debt is at that time guaranteed by the relevant Subsidiary Guarantor that would result in the requirement that such Subsidiary Guarantor provide a Subsidiary Guarantee pursuant to the covenant described under the caption "—Certain Covenants—Additional Guarantors."

Limitation of Guarantees

Certain Guarantees are limited in accordance with applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of certain of these limitations, please see "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Laws Considerations."

Principal, Maturity and Interest

The Issuer has issued the Notes offered hereby in an aggregate principal amount of €500.0 million. Subject to the covenant described under "—Certain Covenants—Limitation on Debt," the Issuer may issue additional notes ("Additional Notes") from time to time after this offering. Any Additional Notes will be identical in all respects to the New Notes offered hereby (other than any one or more of their issue date, issue price, first interest payment date and amount of first interest payment), provided that no Additional Notes will utilize the same International Securities Identification Number or Common Code as Notes already issued unless such Additional Notes are fungible with such Notes for U.S. federal income tax purposes. The Notes and any Additional Notes that are subsequently issued will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, the term "Notes" is used herein to refer to both the Notes and the Additional Notes. The Notes will mature on September 15, 2024. The redemption price of the Notes at maturity will equal 100% of the principal amount of the Notes.

Interest on the Notes offered hereby accrues at the rate of 5.250% per annum and is payable semi-annually in arrear on March 15 and September 15 commencing on March 15, 2018. The Issuer will make each interest payment to the holders of record on the immediately preceding March 1 and September 1.

Interest on the Notes accrues from the Issue Date. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months.

Form of Notes

The Notes were issued on the Issue Date offered hereby only in registered form without coupons and only in minimum denominations of €100,000 or any integral multiple of €1,000 in excess thereof.

The Notes are initially represented by one or more global notes (the "Global Notes"). The Global Notes have been deposited with a common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société* *anonyme* ("Clearstream") and registered in the Notes register in the name of a nominee of such common depositary. Ownership of interests in the Global Notes, referred to as "book-entry interests," is limited to persons that have accounts with Euroclear or Clearstream Banking or their respective participants. Book-entry interests are shown on, and transfers thereof are effected only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The terms of the Indenture will provide for the issuance of certificated registered Notes in certain circumstances. See "Book-Entry, Delivery and Form."

The Issuer will also maintain a registrar (the "Registrar") for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Issuer will also maintain a transfer agent (the "Transfer Agent"). The initial Registrar is Citigroup Global Markets Deutschland AG. The initial Transfer Agent is Citibank, N.A., London Branch. The Registrar and the Transfer Agent will maintain a register (the "Register") reflecting ownership of Definitive Registered Notes (as defined under "Book-Entry, Delivery and Form") outstanding from time to time and will make payments on and facilitate the transfer of Definitive Registered Notes on behalf of the Issuer and a copy of the Register was sent to the Issuer on the Issue Date and promptly after any change to the holders of the Notes made by the Registrar, with such copy held by the Issuer at its registered office. In case of discrepancies between the Register and the register held by the Issuer at its registered office, the register held by the Issuer at its registered office shall prevail for Luxembourg law purposes.

The Issuer may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Transfer

The Global Notes may be transferred in accordance with the Indenture. All transfers of book-entry interests between participants in Euroclear or Clearstream Banking will are effected by Euroclear or Clearstream Banking pursuant to customary procedures and subject to applicable rules and procedures established by Euroclear or Clearstream Banking and their respective participants. See "Book-Entry, Delivery and Form."

The Notes are subject to certain restrictions on transfer, as described under "Transfer Restrictions."

Payments on the Notes; Paying Agent

The Issuer will make all payments, including principal of, or premium, if any, and interest on, the Notes, at its office or through a paying agent (the "Paying Agent") in London, England that it will maintain for these purposes. The initial Paying Agent is Citibank, N.A., London Branch. The Issuer may change the Paying Agent without prior notice to the holders of the Notes. In addition, the Company or any of its Restricted Subsidiaries may act as Paying Agent in connection with the Notes other than in connection with a defeasance of the Notes described under the caption "—Legal Defeasance and Covenant Defeasance" or for the purposes of effecting a redemption described under "—Optional Redemption" or an offer to purchase the Notes described under either "—Repurchase at the Option of Holders—Change of Control" or "—Repurchase at the Option of Holders—Sales of Certain Assets." The Issuer will make payments on the Global Notes to, or to the order of, the common depositary or its nominee as the registered holder of the Global Notes. The Issuer will make all payments in same-day funds. Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of "—Additional Amounts," in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or (without prejudice to the provisions of "—Additional Amounts") an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

No service charge will be made for any registration of transfer or exchange of the Notes, but the Issuer may require payment of a sum sufficient to cover any agency fee or similar charge payable in connection with any such registration of transfer or exchange of Notes.

Additional Amounts

All payments made by the Issuer on the Notes, by a Guarantor on its Guarantee and by any successor person to the Issuer or any Guarantor (a "Successor Person") (each a "Payer"), will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or other governmental charges (including, without limitation, penalties, interest and other liabilities related thereto) of whatever nature (collectively, "Taxes") imposed or levied by or on behalf of any jurisdiction or any political subdivision or governmental authority thereof or therein having the power to tax where such Payer is incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes or from or through which the Payer makes a payment on the Notes or its Guarantee (each, a "Relevant Taxing Jurisdiction"), unless the Payer is required to withhold or deduct such taxes by law. If the Payer is required to withhold or deduct any amount for, or on account of, Taxes imposed or levied on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or Guarantee, the Payer will pay additional amounts ("Additional Amounts") as may be necessary to ensure that the net amount received by each holder of the Notes (including Additional Amounts) after such withholding or deduction will be not less than the amount the holder would have received if such Taxes had not been required to be withheld or deducted.

The Payer will not be required to make any payment of Additional Amounts for or on account of:

(1) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of (a) the holder's or a beneficial owner's connection with such Relevant Taxing Jurisdiction (other than the mere receipt or holding of Notes or by reason of the receipt of payments in respect thereunder or the exercise or enforcement of any rights under the Notes, the Indenture or any Guarantee) or (b) the presentation of a Note (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the beneficial owner or holder thereof would have been entitled to Additional Amounts had the Notes been presented for payment on any day during such 30-day period;

(2) any estate, inheritance, gift, sales, transfer, personal property or similar Tax;

(3) any Tax which is payable other than by withholding or deduction from payments made under or with respect to the Notes or Guarantee; or

(4) any Taxes that are imposed or withheld by reason of the failure by the holder or the beneficial owner of the Notes, following the Issuer's written request addressed to the holder or otherwise provided to the holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request) to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the holder or such beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Relevant Taxing Jurisdiction.

Nor will Additional Amounts be paid with respect to any payment made under or with respect to the Notes or any Guarantee in the case of a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of such payment, to the extent that such payment is required by the laws of the Relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner and such person would not have been entitled to the Additional Amounts had it been the holder of the Note or Guarantee.

The Payer will (i) make such withholding or deduction required by applicable law and (ii) remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes or any Guarantee is due and payable, if the Payer will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be paid promptly thereafter), the Issuer will deliver to the Trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to holders on the relevant payment date. The Trustee will, without further enquiry, be entitled to rely absolutely on each such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer will promptly publish a notice in accordance with the provisions set forth in "—Notices" stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

Within a reasonable time, the Payer will provide the Trustee, to provide to the holders, certified copies of tax receipts evidencing the payment by the Payer of any Taxes imposed or levied by a Relevant Taxing Jurisdiction in such form as provided in the normal course by the taxing authority imposing such Taxes and as is reasonably available to the Payer. If, notwithstanding the efforts of the Payer to obtain such receipts, the same are not obtainable, the Payer will provide the Trustee with other evidence reasonably satisfactory to the Trustee of such payments by the Payer.

In addition, the Issuer and the Guarantors will pay and indemnify the holders for (i) any present or future stamp, issue, registration, court documentation, excise or property taxes, or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any Relevant Taxing Jurisdiction in respect of the execution, issue, delivery or registration of the Notes, the Indenture, the Guarantees or any other document or instrument referred to thereunder (other than a transfer of the Notes other than the initial resale by the initial purchasers) and any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes, the Guarantees or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes or (ii) any stamp, court or documentary taxes (or similar charges or levies) imposed with respect to the receipt of any payments with respect to the Notes or the Guarantees (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Taxing Jurisdiction that are not excluded under clauses (1), (2) or (4) above or any combination thereof).

Whenever the Indenture or this "Description of the Notes" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Note (including payments thereof made pursuant to any Guarantee), such reference includes the payment of Additional Amounts, if applicable.

The preceding provisions will survive any termination, defeasance or discharge of the Indenture.

Optional Redemption

Optional Redemption prior to September 15, 2020 upon Equity Offering

At any time prior to September 15, 2020, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes, upon not less than 10 nor more than 60 days' prior notice, mailed by first class mail to each holder's registered address, at a redemption price of 105.250% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings of the Company; *provided* that:

(1) at least 60% of the aggregate principal amount of Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

Optional Redemption prior to September 15, 2020

At any time prior to September 15, 2020, the Issuer may redeem on any one or more occasions all or a part of the Notes, upon not less than 10 nor more than 60 days' prior notice, mailed by first class mail to each holder's registered address, at a redemption price equal to 100% of the principal amount of Notes to be redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on any interest payment date occurring on or prior to the redemption date).

Optional Redemption on or after September 15, 2020

On or after September 15, 2020, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' prior notice, mailed by first class mail to each holder's registered address, at the redemption prices (expressed as percentages of their principal amount at maturity) set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on September 15 of the years indicated below:

Year	Percentage
2020	102.6250%
2021	101.3125%
2022 and thereafter	100.000%

Redemption upon Changes in Withholding Tax

The Issuer may, at its option, redeem the Notes, in whole but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders (which notice will be irrevocable and given in accordance with the procedures described in "—Notices") at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), premium, if any, and Additional Amounts, if any, then due and which will become due on the date of redemption as a result of the redemption or otherwise, if the Issuer determines in good faith that (i) the Payer is, or on the next date on which any amount would be payable in respect of the Notes, would be, obligated to pay Additional Amounts (as defined above under "—Additional Amounts") in respect of the Notes or a Guarantee pursuant to the terms and conditions thereof, which the Payer cannot avoid by the use of reasonable measures available to it (including making payment through a Paying Agent located in another jurisdiction) or (ii) the Company is obligated to withhold or deduct any amount in respect of Taxes from such amount payable which the Company cannot avoid by the use of reasonable measures available to it, and which amount the Company is required to pay to a Relevant Taxing Jurisdiction and is not entitled to have refunded, credited or offset against another tax that is required to be paid by the Company or a related person, in each case, as a result of:

(a) any change in, or amendment to, the laws (or in the case of amounts described in (ii) above, treaties) or any regulations or rulings promulgated thereunder of any Relevant Taxing Jurisdiction (as defined above under "—Additional Amounts") affecting taxation which becomes effective on or after the date of the Indenture or, if a Relevant Taxing Jurisdiction has changed since the date of the Indenture, the date on which the then current Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction under the Indenture (or, in the case of a Successor Person, after the date of assumption by the Successor Person of the Company's obligations or after the date it delivers a supplemental indenture, as the case may be); or

(b) any change in the official application, administration or interpretation of the laws (or in the case of amounts described in (ii) above, treaties), regulations or rulings of any Relevant Taxing Jurisdiction, (including a holding, judgment or order by a court of competent jurisdiction), on or after the date of the Indenture or, if a Relevant Taxing Jurisdiction has changed since the date of the Indenture, the date on which the then current Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction under the Indenture (or, in the case of a Successor Person, after the date of assumption by the Successor Person of the Company's obligations or after the date it delivers a supplemental indenture, as the case may be) (each of the foregoing clauses (a) and (b), a "Change in Tax Law").

Notwithstanding the foregoing, the Issuer may not redeem the Notes under this provision if (i) a Relevant Taxing Jurisdiction changes under the Indenture and (ii) the Payer is obligated to pay Additional Amounts as a result of a Change in Tax Law of the then current Relevant Taxing Jurisdiction which change, at the time the latter became a Relevant Taxing Jurisdiction under the Indenture, was officially announced by the Relevant Taxing Jurisdiction.

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payer would be obligated to make such payment of Additional Amounts or withholding if a payment in respect of the Notes or Guarantee, as the case may be, were then due and (b) unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the publication or where relevant, mailing of any notice of redemption pursuant to the foregoing, the Issuer will deliver to the Trustee:

(a) an Officer's Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing the conditions precedent to the redemption right of the Issuer have occurred (including that such obligation to pay such Additional Amounts cannot be avoided by the Payer taking reasonable measures available to it); and

(b) an opinion of independent tax advisors of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Payer is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee will, without further investigation, be entitled to rely on such Officer's Certificate and opinion of tax advisors as conclusive proof that the conditions precedent to the right of the Issuer so to redeem have occurred.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions "—Repurchase at the Option of Holders—Change of Control" and "—Repurchase at the Option of Holders—Sales of Certain Assets." We may, at any time and from time to time, purchase Notes in the open market or otherwise.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer (or the Company, if the Company makes the purchase offer referred to below) to repurchase all or any part (equal to €100,000 or any integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to an offer (a "Change of Control Offer") on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer or the Company will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase (a "Change of Control Payment") (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Within 30 days following any Change of Control, the Issuer or the Company will (i) cause the Change of Control Offer to be published, if at the time of such notice the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and its rules so require, in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*); and (ii) mail the Change of Control Offer to each registered holder. The Change of Control Offer will describe the transaction or transactions that constitute the Change of Control and will offer to repurchase Notes on the date (the "Change of Control Payment Date") specified therein, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. The Issuer and the Company will comply with the requirements of any securities laws and the regulations thereunder (including Rule 14e-1 under the Exchange Act) to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under the Change of Control provisions of the Indenture by virtue of such conflict.

On the Change of Control Payment Date, the Issuer or the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Registrar the Notes properly accepted together with an Officers' Certificate (on which the Trustee will rely absolutely) stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or otherwise cause to be paid) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Registrar will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of €100,000 or any integral multiple of €1,000 in excess thereof.

The provisions described above that require the Issuer or the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer or the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer and the Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer. The Issuer and the Company also will not be required to make a Change of Control Offer following a Change of Control if the Issuer has already issued a redemption notice in respect of all of the Notes in the manner and in accordance with the provisions described above under "—Optional Redemption" and thereafter redeems all of the Notes pursuant to such notice. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The definition of Change of Control includes the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer or the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another person or group may be uncertain.

Sales of Certain Assets

The Company will not, and will not permit any Restricted Subsidiary to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the relevant transferor (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or to any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation, indemnity or similar agreement that releases or indemnifies the Company or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or

Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (3), (4) or (5) of the next paragraph of this covenant;

(d) Debt (other than Subordinated Debt) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of such Debt in connection with such Asset Sale; and

(e) consideration consisting of Debt of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company or such Restricted Subsidiary may apply those Net Proceeds at its option:

(1) to prepay, repay, purchase or redeem the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a "Notes Offer");

(2) to prepay, repay, purchase or redeem (i) any Debt incurred under clause (1), or clause (2)(ii) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Debt," (ii) unless included in clause (2)(i) of this covenant, to prepay, repay, purchase or redeem Pari Passu Debt that is not Public Debt at a price of no more than 100% of the principal amount of such Pari Passu Debt plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption, (iii) any Debt that is secured by a Lien on assets or property and, if the Debt repaid is revolving credit borrowings, correspondingly reduce commitments with respect thereto, and (iv) any Debt of a Restricted Subsidiary that is not a Guarantor;

(3) to make a capital expenditure;

(4) to acquire other assets, other than Capital Stock, not classified as current assets under IFRS that are used or useful in the business of the Company;

(5) to acquire all or substantially all of the assets, or any Capital Stock, of another Permitted Business, if, after giving effect to any such acquisition, the Permitted Business is or becomes a Restricted Subsidiary; or

(6) any combination of the foregoing,

provided that if the Company or such Restricted Subsidiary, as the case may be, has entered into a binding commitment in definitive form within such 360-day period to so apply such Net Proceeds with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days following the expiration of the aforementioned 360-day period (an "Acceptable Commitment"), such binding commitment shall be treated as a permanent application of such Net Proceeds; *provided further* that if any Acceptable Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied and after such initial 360-day period, then such Net Proceeds shall constitute Excess Proceeds.

Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds €15.0 million, the Issuer or the Company will make an offer to purchase (an "Asset Sale Offer") from all holders of Notes and from the holders of other Pari Passu Debt that contains similar asset sale provisions, to the extent required by the terms thereof, the maximum principal amount of Notes and such other Pari Passu Debt that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount of the Notes to be purchased plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Pari Passu Debt tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate principal amount of Notes tendered pursuant to a Notes Offer exceeds the amount of Net Proceeds so applied, the Trustee will select the Notes and such other Pari Passu Debt, if applicable, to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer and the Company will comply with the requirements of any securities laws and the regulations thereunder (including Rule 14e-1 under the Exchange Act) to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under the Asset Sale provisions of the Indenture by virtue of such conflict.

The exercise by the holders of Notes of their right to require the Company or the Issuer to repurchase the Notes upon a Change of Control or an Asset Sale could cause a default under agreements governing the Company's other Debt, due to the financial effect of such repurchases on the Company. The Company's or Issuer's ability to pay cash to the holders of Notes upon a repurchase may also be limited by the Company's then existing financial resources. See "Risk Factors—Risks Related to the Notes, Our Indebtedness and the Structure—We may not have the ability to raise the funds necessary to finance the change of control offer required by the Indenture."

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select the Notes for redemption as follows:

(1) if the Notes are listed on any securities exchange, in compliance with the requirements of the securities exchange on which the Notes are listed; or

(2) if such securities exchange has no such requirements or the Notes are not listed on any securities exchange, on a *pro rata* basis, by lot or by such method as the Trustee deems fair and appropriate, in each case subject to compliance with mandatory provisions of Luxembourg law.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Notices of redemption may be made subject to conditions precedent.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. In addition, if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and its rules so require, the Issuer will publish notices (including with respect to optional redemptions or repurchases at the option of the holders) in a leading newspaper having general circulation in Luxembourg (currently expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) and will inform the Luxembourg Stock Exchange of the outstanding principal amount of the Notes then in issue.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancelation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Certain Covenants

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution (whether made in cash, securities or other property) on account of the Company's or any Restricted Subsidiary's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary) or to the direct or indirect holders of the Company's or any Restricted Subsidiary's Equity Interests in their capacity as such (other than dividends or distributions payable (i) solely in Equity Interests (other than Disqualified Stock) of the Company, (ii) to the Company or any Restricted Subsidiary or (iii) in the case of a Restricted Subsidiary, to all holders of Equity Interests of such Restricted Subsidiary on a pro rata basis or on a basis that results in the receipt by the Company or a Restricted Subsidiary of dividends or distributions of greater value than the Company or such Restricted Subsidiary would receive on a pro rata basis);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Equity Interests of a direct or indirect parent of the Company held by persons other than the Company or a Restricted Subsidiary or any options, warrants or other rights to acquire such Equity Interests;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Debt (excluding any intercompany Debt between or among the Company and any Restricted Subsidiary), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Debt purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving *pro forma* effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) the Company would, after giving *pro forma* effect to such Restricted Payment as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Debt pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Limitation on Debt"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of the Indenture (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (8), (9), (11) and (12) of the next succeeding paragraph), is equal to or less than the sum of, without duplication:

   (a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

   (b) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Company since the Issue Date (i) as a contribution to its common equity capital, (ii) from the issue or sale of Equity Interests (other than Disqualified Stock and Excluded Contributions) of the Company, or (iii) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for Equity Interests (other than Disqualified Stock) of the Company (other than, in the case of (ii) or (iii), above, Equity Interests (or Disqualified Stock or debt securities) (A) sold to a Subsidiary of the Company or (B) acquired using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid), *plus*

   (c) to the extent that any Unrestricted Subsidiary designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or such Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced, *plus*

   (d) to the extent that any Restricted Investment that was made after the Issue Date (x) is sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the marketable securities received by the Company or any Restricted Subsidiary (other than from a Person that is the Company or a Restricted Subsidiary), or (y) is made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary, *plus*

(e) 100% of any cash dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice the dividend or redemption payment would have been permitted by the Indenture;

(2) cash payments in lieu of issuing fractional shares pursuant to the exercise of options or warrants or the exchange or conversion of any exchangeable or convertible securities or in connection with any stock dividend, distribution, stock split, reverse stock split, merger, consolidation, amalgamation or other business combination;

(3) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock and Excluded Contributions) or from the substantially concurrent contribution of common equity capital to the Company; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph;

(4) the defeasance, redemption, repurchase, repayment or other acquisition or retirement for value of Subordinated Debt with the net cash proceeds from an incurrence of Permitted Refinancing Debt;

(5) the repurchase of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;

(6) payments of distributions to dissenting shareholders pursuant to applicable law in connection with or in contemplation of a merger, consolidation or transfer of assets that complies with the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(7) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the total aggregate amount of Restricted Payments made under this clause (7) does not exceed €2.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year; and *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company or any Restricted Subsidiary and the cash proceeds of key man life insurance policies, in each case, to the extent the cash proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (3)(b) of the preceding paragraph or clause (3) of this paragraph and are not Excluded Contributions;

(8) payments pursuant to any tax sharing agreement or arrangement among the Company and its Subsidiaries and other Persons with which the Company or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes; *provided, however*, that such payments do not exceed the amount of tax that the Company and its Subsidiaries would owe on a stand-alone basis and the related tax liabilities of the Company and its Subsidiaries are relieved by the payment of such amounts to a relevant taxing authority;

(9) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Preferred Stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Limitation on Debt";

(10) repurchases of Subordinated Debt (other than those held by Affiliates of the Company) at a purchase price not greater than (i) 101% of the principal amount of such Subordinated Debt and accrued and unpaid interest thereon in the event of a Change of Control or (ii) 100% of the principal amount of such Subordinated Debt and accrued and unpaid interest thereon in the event of an Asset Sale, in each case plus accrued interest, in connection with any change of control offer or asset sale offer required by the terms of such Debt, but only if:

(a) in the case of a Change of Control, the Company has first complied with and fully satisfied its obligations under the provisions described under "—Repurchase at the Option of Holders—Change of Control"; or

(b) in the case of an Asset Sale, the Company has complied with and fully satisfied its obligations in accordance with the covenant under the heading "—Repurchase at the Option of Holders—Sales of Certain Assets";

(11) the payment of any Securitization Fees and purchases of Securitization Assets and related assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing;

(12) Restricted Payments made with Excluded Contributions;

(13) so long as no Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering that results in a Public Market of the Capital Stock of the Company, the payment of dividends on the Capital Stock of the Company up to 6% per annum of the net cash proceeds received by the Company in any such Public Equity Offering or any subsequent Public Equity Offering of such Capital Stock;

(14) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (14) does not exceed €2.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year; or

(15) any other Restricted Payment, *provided* that the total aggregate amount of Restricted Payments made under this clause (15) does not exceed €40.0 million.

Unsecured Debt shall not be deemed to be subordinate or junior to secured Debt by virtue of its nature as unsecured Debt.

The amount of a proposed Restricted Payment if not made in cash will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Company or Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Limitation on Debt

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Debt (including Acquired Debt); *provided*, *however*, that the Company and its Restricted Subsidiaries may incur Debt if at the time of such incurrence,

(i) the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal consolidated financial statements are available immediately preceding the incurrence of such Debt, taken as one period, would have been at least 2.00 to 1.00, determined on a *pro forma* basis after giving effect to the incurrence of such Debt and the application of the net proceeds therefrom; and

(ii) to the extent such Debt is Senior Debt, the Consolidated Senior Leverage Ratio for the Company's most recently ended four full fiscal quarters for which internal consolidated financial statements are available immediately preceding the incurrence of such Debt, taken as one period, would have been less than 3.75 to 1.00, determined on a *pro forma* basis after giving effect to the incurrence of such Senior Debt and the application of the net proceeds therefrom.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Debt (collectively, "Permitted Debt"):

(1) the incurrence by the Company or any Restricted Subsidiary of Debt under Credit Facilities in an aggregate principal amount at any time outstanding under this clause (1) not to exceed €265.0 million; plus, in the case of any refinancing of any Debt permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) the incurrence by the Company or any Restricted Subsidiary of (i) Existing Debt and (ii) Existing Local Credit Facilities Debt;

(3) the incurrence (x) by the Issuer of Debt represented by the Notes (other than Additional Notes) and (y) by the Guarantors of Debt represented by the Guarantees;

(4) the incurrence by the Company or any Restricted Subsidiary of Permitted Refinancing Debt in exchange for, or the net proceeds of which are used to refund, refinance or replace Debt (other than intercompany Debt between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries) that was permitted to be incurred under the first paragraph above under the caption "—Limitation on Debt" or clauses (2)(i), 2(ii), (3), (4) or (13) of this paragraph;

(5) the (i) incurrence by the Company or any Restricted Subsidiary of intercompany Debt between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; or (ii) issuance by any Restricted Subsidiary to the Company or to any other Restricted Subsidiary of shares of Preferred Stock; *provided*, *however*, in each case, that (x) any subsequent issuance or transfer of Equity Interests that results in any such Debt being held by a Person other than the Company or a Restricted Subsidiary and (y) any sale or other transfer of any such Debt to a Person that is not either the Company or a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Debt or issuance of Preferred Stock, as the case may be, by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (5); *provided further* that any Debt owed by the Issuer or any Guarantor where the payee is not the Issuer or the Guarantor must be unsecured and expressly subordinated to the prior payment in full in cash of all obligations of the Issuer or such Guarantor with respect to the Notes or its Guarantee, as the case may be;

(6) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations entered into not for speculative purposes;

(7) (a) the guarantee by the Company or a Restricted Subsidiary of Debt of the Company or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant, provided that if the Debt being guaranteed is subordinated to or *pari passu* with the Notes or a Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Debt guaranteed or (b) without limiting the covenant described under "—Limitation on Liens," Debt arising by reason of any Lien granted by or applicable to such Person securing Debt of the Company or any Restricted Subsidiary so long as such Debt is permitted to be incurred under the terms of the Indenture;

(8) the incurrence of Debt by the Company or any Restricted Subsidiary arising from (i) the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; *provided* that such Debt is extinguished within five Business Days of incurrence, (ii) performance, bid, surety, judgment, appeal or similar bonds, instruments or obligations in the ordinary course of business and, in each case, not in connection with the borrowing of or obtaining of advances of credit, (iii) completion guarantees provided or letters of credit or bankers' acceptances obtained by the Company or any Restricted Subsidiary in the ordinary course of business and, in each case, not in connection with the borrowing of or obtaining of advances of credit; (iv) any customary cash management, cash pooling or netting or setting off arrangements; or (v) the financing of insurance premiums in the ordinary course of business;

(9) the incurrence by the Company or any Restricted Subsidiary of Debt arising from guarantees to suppliers, lessors, licensees, government authorities, contractors, franchisees or customers and incurred in the ordinary course of business;

(10) the incurrence by the Company or any Restricted Subsidiary of Debt in respect of workers' compensation and claims arising under similar legislation, or pursuant to self-insurance obligations, VAT and other tax guarantees and not in connection with the borrowing of money or the obtaining of advances or credit;

(11) the incurrence by the Company or any Restricted Subsidiary of Debt represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or

equipment or other assets used or useful in the business of the Company or any of its Restricted Subsidiaries, whether through the direct purchase of such property, plant or equipment or other assets or the Capital Stock of any Person owning such property, plant or equipment or other assets (including any Debt deemed to be incurred in connection with such purchase), in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Debt incurred to renew, refund, refinance, replace, defease or discharge any Debt incurred pursuant to this clause (11), not to exceed the greater of €45.0 million and 4.5% of Total Assets;

(12) the incurrence by the Company or any of its Restricted Subsidiaries of Debt arising from agreements of the Company or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earnouts or other adjustment of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary, provided that the maximum aggregate liability in respect of all such Debt shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(13) Debt of a Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is acquired by the Company or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or a Restricted Subsidiary in accordance with the Indenture (other than Debt incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by or was merged into the Company or a Restricted Subsidiary or (b) otherwise in connection with, or in contemplation of, such acquisition); provided, however, with respect to this clause (13) that at the time of the acquisition or other transaction pursuant to which such Debt was deemed to be incurred, (x) the Company would have been able to incur at least €1.00 of additional Debt pursuant to the Fixed Charge Coverage Ratio set forth in the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Debt pursuant to this clause (13) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving *pro forma* effect to the incurrence of such Debt pursuant to this clause (13);

(14) Debt represented by Guarantees of any Management Advances;

(15) Debt incurred in any Qualified Securitization Financing; and

(16) the incurrence by the Company or any of its Restricted Subsidiaries of additional Debt in an aggregate principal amount (or accreted value, as applicable) at any time outstanding under this clause (16), not to exceed the greater of €45.0 million and 4.5% of Total Assets.

Notwithstanding the foregoing:

(1) the Company's Restricted Subsidiaries that are not the Issuer or a Guarantor may not, directly or indirectly, incur Debt pursuant to (a) the first paragraph of this covenant, (b) clause (1) or (16) of the second paragraph of this covenant or (c) any Permitted Refinancing Debt in respect of Debt referred to in the foregoing clause (a) or this clause (c) in an aggregate principal (or accreted value, as applicable) at any time outstanding greater than the greater of €100.0 million and 10.0% of Total Assets; and

(2) for so long as Greece is rated below Ba2 by Moody's, the Company and its Restricted Subsidiaries organized in Greece may not incur Debt pursuant to (a) the first paragraph of this covenant, (b) clause (1), (2), (11), (13) (but only to the extent that the Person becoming a Restricted Subsidiary or being acquired or merged is organized in Greece) or (16) of the second paragraph of this covenant or (c) any Permitted Refinancing Debt in respect of Debt referred to in the foregoing clause (a), (b) or this clause (c).

To the extent any Restricted Subsidiary that is not a Guarantor is a joint obligor with respect to any Debt, the entire amount of such Debt will be considered Debt of a Restricted Subsidiary that is not a Guarantor for purposes of this covenant.

The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Debt in the form of additional Debt with the same terms, and the payment of dividends on Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Debt or an issuance of Disqualified Stock or Preferred Stock for purposes of this covenant; *provided*, in each such case, that the amount thereof is included in Fixed Charges of the Company as accrued or paid.

For purposes of determining compliance with this "Limitation on Debt" covenant, the outstanding principal amount of any particular Debt, including any obligations arising under any related guarantee, Lien, letter of credit or similar instrument, will be counted only once, and in the event that an item of proposed Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Debt on the date of its incurrence, or later reclassify all or a portion of such item of Debt, in any manner that complies with this covenant, and will only be required to include the amount and type of such Debt in one of such clauses and will be entitled to divide and classify an item of Debt in more than one of the types of Debt described above under the caption "—Limitation on Debt"; *provided*, *however*, that Debt under the Syndicated Facilities will be deemed to have been incurred in reliance on the exceptions provided by clause (1) of the definition of Permitted Debt and may not be reclassified.

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Debt, the euro-equivalent principal amount of Debt denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Debt was incurred, in the case of term Debt, or first committed, in the case of Debt incurred under a revolving credit facility; *provided*, *however*, that (i) if such Debt denominated in non-euro currency is subject to an agreement designed to protect against fluctuations in currency exchange rates with respect to euro the amount of such Debt expressed in euro will be calculated so as to take account of the effects of such agreement; and (ii) the euro-equivalent of the principal amount of any such Debt outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Debt incurred in the same currency as the Debt being refinanced will be the euro-equivalent of the Debt refinanced determined on the date such Debt was originally incurred, except that to the extent that:

(1) such euro-equivalent was determined based on an agreement designed to protect against fluctuations in currency exchange rates, in which case the refinancing Debt will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Debt exceeds the principal amount of the Debt being refinanced, in which case the euro-equivalent of such excess will be determined on the date such refinancing Debt is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Debt that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Debt outstanding as of any date will be:

(1) in the case of any Debt issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Debt, in the case of any other Debt; and

(3) in respect of Debt of another Person secured by a Lien on the assets of the specified Person, the lesser of:

  (a) the Fair Market Value of such assets at the date of determination; and

  (b) the amount of the Debt of the other Person.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Debt upon any of its property or assets, now owned or hereafter acquired, or any income, profits or proceeds therefrom except Permitted Liens, unless the Issuer's obligations in respect of the Notes, the obligations of the Guarantors under the Guarantees and all other amounts due under the Indenture are equally and ratably secured with the obligation or liability secured by such Lien until such time as such obligations are no longer secured by a Lien.

Any such Lien thereby created in favor of the holders of the Notes or any such Guarantee pursuant to the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the initial Lien to which it relates.

Limitation on Layered Debt

Neither the Issuer nor the Guarantors will incur, create, issue, assume, guarantee or otherwise become liable for any Debt that is subordinate or junior in any respect in right of payment to any other Debt of the Issuer or any Guarantor unless such Debt is also subordinated in right of payment to the Notes or the relevant Guarantee, as the case may be, *provided*, however, that no Debt will be deemed to be subordinated or junior in right of payment to any other Debt of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Debt under Credit Facilities.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends, in cash or otherwise, or make any other distributions on its Capital Stock, or with respect to any other interest or participation in, or measured by, its profits, to the Company or any Restricted Subsidiary, or pay any Debt owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) transfer any of its properties or assets to the Company or any Restricted Subsidiary *provided* that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Debt incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements in effect on the Issue Date in the form existing on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) applicable law, rule or regulation or order or by the terms of any licenses, concessions, franchises or permits;

(3) the Notes, the Indenture and the Guarantees or by other agreements governing Debt that the Company or any Restricted Subsidiary incurs, *provided* that the encumbrances or restrictions imposed by such other agreements are not materially more restrictive, taken as a whole, than the restrictions imposed by the Notes, the Indenture, the Guarantees and the Syndicated Facilities as of the Issue Date;

(4) any encumbrances or restrictions created under any agreements or instruments with respect to Debt of the Company or any Restricted Subsidiary permitted to be incurred subsequent to the Issue Date pursuant to the provisions of "—Limitation on Debt," including encumbrances or restrictions imposed by Debt permitted to be incurred under Credit Facilities or any guarantees thereof in accordance with such covenant; provided that such encumbrances or restrictions taken as a whole are not materially less favorable to the holders of the Notes than (i) the encumbrances and restrictions, taken as a whole, contained in the Indenture, Notes, Guarantees and the Syndicated Facilities, in each case, as in effect on the Issue Date (as determined in good faith by the Company) or (ii) is customary in comparable financings (as determined in good faith by the Company) and the Company determines that any such encumbrance or restriction will not materially affect the ability of the Issuer to make any anticipated principal or interest payments on the Notes;

(5) any agreement or instrument governing Debt or Capital Stock of a Person acquired by the Company or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Debt or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on that property, *provided* that such encumbrances or restrictions are of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Debt, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Debt are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Debt being refinanced;

(10) Liens securing Debt otherwise permitted to be incurred under the provisions of the covenant described above under the caption "—Limitation on Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions providing for customary limitations on the disposition or distribution of assets or property contained in joint venture agreements, asset sale agreements, sale and leaseback agreements, stock sale agreements, shareholder agreements and other similar agreements entered into by the Company or a Restricted Subsidiary in the ordinary course of business; (including agreements entered into in connection with a Restricted Investment), which limitations are applicable only to the assets that are the subject of such agreements and *provided* that the Company determines that any such encumbrance or restriction will not materially affect the ability of the Issuer to make any anticipated principal or interest payments on the Notes;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any Qualified Securitization Financing;

(14) any mortgage financing or mortgage refinancing that imposes restrictions on the real property securing such Debt; and

(15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (14), or in this clause (15); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

Merger, Consolidation or Sale of Assets

The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving Person); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (i) the Company is the surviving Person; or (ii) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made:

(a) is an entity organized or existing under the laws of any member state of the European Union, Switzerland or the United States, any state of the United States or the District of Columbia; and

(b) assumes all the obligations of the Company under the Company Guarantee and the Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(2) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(3) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made, as the case may be, will:

(a) on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least €1.00 of additional Debt pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt" or the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(b) have delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an opinion of independent counsel (on each of which the Trustee will be entitled to rely absolutely), each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with the requirements of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Company Guarantee constitute legal, valid and binding obligations of the continuing person, enforceable in accordance with their terms, subject to customary qualifications.

The Issuer may not merge, consolidate or amalgamate with or into any other Person or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all of its property in any one transaction or series of related transactions, unless:

(1) either: (i) the Issuer is the surviving Person; or (ii) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, transfer, assignment, lease, conveyance or other disposition has been made:

(a) is an entity organized or existing under the laws of Luxembourg, the Netherlands or the United Kingdom; and

(b) assumes all the obligations of the Issuer under the Notes and the Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(2) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(3) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance or other disposition has been made will:

(a) on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least €1.00 of additional Debt pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Limitation on Debt" or the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(b) have delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an opinion of independent counsel (on each of which the Trustee will rely absolutely), each stating that such consolidation or merger, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with the requirements of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Notes constitute legal, valid and binding obligations of the continuing person, enforceable in accordance with their terms, subject to customary qualifications.

A Guarantor (other than the Company and a Guarantor whose Guarantee is to be released in accordance with the Indenture) may not merge, consolidate or amalgamate with or into any other Person or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all of its property in any one transaction or series of related transactions unless either:

(1) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than that Guarantor) assumes all the obligations of that Guarantor under its Guarantee and the Indenture pursuant to a supplemental indenture reasonably satisfactory to the Trustee; or

(2) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

The Company may also not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

Clauses (2) and (3) of the first and second paragraphs of this covenant will not apply to any merger or consolidation of the Company or any Restricted Subsidiary into an Affiliate solely for the purpose of reincorporating the Company or such Restricted Subsidiary in another jurisdiction. This covenant will not apply to any Restricted Subsidiary consolidating with, merging with or into or transferring, leasing or otherwise disposing of all or part of its properties and assets to the Issuer or a Guarantor.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary (a "Designation") if that Designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the Fair Market Value of the Company's interest in the Subsidiary so designated will be deemed to be an Investment made as of the time of the Designation and will reduce either (i) the amount available for Restricted Payments under the covenant described above under the caption "—Limitation on Restricted Payments" or (ii) the amount available for Permitted Investments, as determined by the Company. That Designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary (a "Redesignation") if the Redesignation would not cause a Default and if all Liens and Debt of such Unrestricted Subsidiary outstanding immediately following such Redesignation would, if incurred at that time, have been permitted to be incurred for all purposes of the Indenture.

Any Designation will be evidenced to the Trustee by filing with the Trustee a copy of the Board resolution giving effect to such Designation and an Officers' Certificate (on which the Trustee will be entitled to rely absolutely) certifying that such Designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Limitation on Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture, and any Debt of such Person will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Debt is not permitted to be incurred as of such date under the covenant described under the caption "—Limitation on Debt," the Company will be in default of such covenant.

Limitation on Transactions with Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company or such Restricted Subsidiary (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of €2.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary, as the case may be, with a Person who is not an Affiliate of the Company or any of its Restricted Subsidiaries; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €15.0 million, a resolution of the Board of Directors of the Company set forth in an Officers' Certificate (on which the Trustee will be entitled to rely absolutely) certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the members of the Board of Directors of the Company disinterested in such Affiliate Transaction; and

(b) with respect to (i) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €25.0 million or (ii) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €15.0 million in which there are no disinterested members of the Board of Directors of the Company, an opinion issued by an accounting, appraisal or investment banking firm of international standing stating that such Affiliate Transaction is fair to the Company or Restricted Subsidiary, as the case may be, from a financial point of view.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant or employee benefit arrangements with any employee, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors or employees of the Company or any Restricted Subsidiary;

(3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) transactions between the Company or any of its Restricted Subsidiaries and any Person, a director of which is also a director of the Company or any direct or indirect parent of the Company; *provided*, *however*, that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(5) transactions between or among the Company and/or its Restricted Subsidiaries;

(6) any contribution to the capital of the Company in exchange for Capital Stock of the Company (other than Disqualified Stock and Preferred Stock);

(7) pledges of Equity Interests of Unrestricted Subsidiaries;

(8) any Restricted Payments not prohibited by the "—Limitation on Restricted Payments" covenant described herein (but not, for the avoidance of doubt, the making of an Investment that is a Permitted Investment);

(9) any Permitted Investments (other than Permitted Investments described in clauses (3), (10), (23) and (24) of the definition thereof);

(10) any agreement or arrangement of the Company and/or its Restricted Subsidiaries as in effect on the Issue Date or any amendment thereto after the Issue Date (so long as any such amendment is not, as determined in good faith by the Company, disadvantageous in any material respect to the holders of the Notes) or any transaction contemplated thereby or similar in nature thereto;

(11) any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis;

(12) Management Advances;

(13) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(14) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(15) any transaction effected as part of a Qualified Securitization Financing; and

(16) sales of gaming machines by the Company or a Restricted Subsidiary to Affiliates on terms (including, without limitation, the rate of discount) reflecting current market conditions, that are no less favorable, when taken as a whole, to the Company or such Restricted Subsidiary, as applicable, than those available from the Company or such Restricted Subsidiary to third parties.

Additional Guarantors

The Company will not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to guarantee, assume or in any manner become liable with respect to any other Debt of the Issuer or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Debt.

If any Restricted Subsidiary that is not a Guarantor is determined to be a Material Company as of the last day of its most recently completed fiscal year beginning with the fiscal year ended December 31, 2016 (and as determined on the basis of the audited consolidated financial statements of the Company for such fiscal year), the Company will cause such Restricted Subsidiary to become a Guarantor and to execute a supplemental indenture within 60 days of the date of determination, having regard to applicable formalities, local practices and substantive provisions of applicable law.

The Company will not be obligated to cause any Restricted Subsidiary to guarantee the Notes pursuant to the preceding paragraphs to the extent that:

(a) such Restricted Subsidiary was in existence on the Issue Date;

(b) such Guarantee could reasonably be expected to give rise to or result in (i) any violation of applicable law or regulation, or any court order, ruling or judgment that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary, (ii) any liability for the officers, directors or shareholders of such Restricted Subsidiary, (iii) any cost, expense, liability or obligation (including any tax) other than reasonable out-of-pocket expenses and other reasonable expenses incurred in connection with any governmental or regulatory filings or (iv) a requirement under applicable law, rule or regulation to obtain or prepare financial statements or financial information of such Person to be included in any required filing with a legal or regulatory authority that the Company is not able to obtain or prepare without unreasonable expense; or

(c) such Restricted Subsidiary is prohibited or restricted from providing such Guarantee as a result of general corporate or contractual restrictions applicable to such Restricted Subsidiary after the Company has used its commercially reasonable efforts (without requiring the Company to incur cost, expense, liability or obligation (including any tax) other than reasonable out-of-pocket expenses and other reasonable expenses incurred in connection with any governmental or regulatory filings or procure any change in jurisdiction of organization of such Restricted Subsidiary or the purchase of any minority shareholder interest in such Restricted Subsidiary) to enable such Restricted Subsidiary to provide such Guarantee.

The first paragraph of this covenant will not be applicable to any guarantees of any Restricted Subsidiary (a) existing on the date of the Indenture or pursuant to an extension, amendment, modification, refinancing, replacement, exchange or renewal of any such guarantee existing on the date of the Indenture; *provided* that any such extension, amendment, modification, refinancing, replacement, exchange or renewal, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original guarantee as in effect on the date of the Indenture, (b) if such guarantee is provided in respect of Debt which does not exceed €10 million, (c) if such guarantee is provided pursuant to a regulatory requirement and the Debt being guaranteed is owed to a regulatory body, or (d) given to a bank or trust company having combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating, at the time such guarantee was given, of at least BBB+ or the equivalent thereof by Fitch, Inc., BBB+ or the equivalent thereof by S&P and at least Baa1 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established in the ordinary course of business for the benefit of the Company or any of the Restricted Subsidiaries.

Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any Restricted Subsidiary to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Limitation on Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Limitation on Issuer Activities

Notwithstanding anything contained in the Indenture, the Issuer shall not engage in any business activity or undertake any other activity, except any activity (1) related to the offering, sale, issuance and servicing, listing, purchase, redemption, amendment, exchange, refinancing, incurring or retirement of the Notes, the incurrence of Debt represented by the Notes (including any Additional Notes) or other Debt of the Issuer permitted under the Indenture, lending or otherwise advancing the proceeds thereof (including pursuant to the Intercompany Proceeds Loans) and any other activities in connection therewith; (2) undertaken with the purpose of, and directly related to, fulfilling any other obligations under any Debt of the Issuer (including, without limitation, the Notes) permitted under the Indenture (including for the avoidance of doubt, any repurchase or purchase, repayment, redemption or prepayment of such Debt); (3) undertaken with the purpose of, and related to, fulfilling the obligations of the Issuer under any document relating to the Notes (including Additional Notes) (4) related to the making of Restricted Payments in accordance with the covenants described under the caption "—Limitation on Restricted Payments"; (5) related to the granting of Liens over its assets to secure the Debt of any Restricted Subsidiary if the grant of such Liens were otherwise permitted under the covenant described under the caption "—Limitation on Liens"; (6) related or to the establishment and/or maintenance of the Issuer's corporate existence or otherwise complying with applicable law; (7) related to investing amounts received by the Issuer (other than amounts corresponding to required payments under the Notes) in such manner not otherwise prohibited by the Indenture; (8) involving the provision of administrative services; (9) related to any purchase agreement, and/or any other document entered into in connection with the issuance of the Notes or any other Debt permitted under the Indenture and (10) other activities not specifically enumerated above that are *de minimis* in nature.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee the following reports in electronic form for delivery to holders of the Notes:

(1) within 120 days following the end of the Company's fiscal year beginning with the fiscal year ending December 31, 2017, information including "Selected Financial Information," "Management's Discussion and Analysis of our Financial Condition and Results of Operations" and "Business" sections with scope and content substantially equivalent to the corresponding sections of this Listing Prospectus (after taking into consideration any changes to the business and operations of the Company after the Issue Date), information regarding the Company's share capital and any material contracts to which the Company or its Restricted Subsidiaries are party other than contracts entered into in the ordinary course of business, and audited consolidated income statements, balance sheets and cash flow statements and the related notes thereto for the Company for the two most recent fiscal years and, in each case in accordance with IFRS, together with an audit report thereon;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending September 30, 2017, quarterly reports containing unaudited balance sheets, statements of income, and statements of cash flows for the Company on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the preceding fiscal year, in each case prepared in accordance with IFRS, together with a "Management's Discussion and Analysis of our Financial Condition and Results of Operations" section for such quarterly period and condensed footnote disclosure; and

(3) promptly from time to time after the occurrence of a material acquisition, disposition or restructuring, or any senior management change at the Company or any change in auditors, a report containing a description of such event and, in the case of a material acquisition or disposition (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year or quarter, as the case may be, as to which such annual or quarterly report, as the case may be, relates, represent greater than 20% of the consolidated EBITDA or consolidated revenues or consolidated assets of the Company on a *pro forma* basis, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (1) or (2) above), a *pro forma* consolidated balance sheet and statement of operations of the Company giving effect to the acquisition or disposition to the extent practicable utilizing available information.

If any of the Company's Subsidiaries are Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the annual and quarterly financial information referred to above will include a reasonably detailed presentation, either on its face or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Company's Unrestricted Subsidiaries.

In addition, the Company will furnish to the holders and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act by Persons who are not "affiliates" under the Securities Act.

Within 10 Business Days after furnishing the Trustee the annual and quarterly reports required by clauses (1), and (2) above, the Company will hold a conference call to discuss such reports and the results of operations for the relevant reporting period. The Company will make available all reports referred to in this section at the offices of the principal Paying Agent, and on the Company's website at *www.intralot.com* and, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require, at the specified office of the Paying Agent in Luxembourg or to the extent and in the manner required by such rules, post such reports on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). The Company's website does not form part of this Listing Prospectus.

Suspension of Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default has occurred and is continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "Suspension Period"), the covenants specifically listed under the following captions in this Listing Prospectus will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Sales of Certain Assets";

(2) "—Certain Covenants—Limitation on Restricted Payments";

(3) "—Certain Covenants—Limitation on Debt";

(4) "—Certain Covenants—Limitation on Layered Debt";

(5) "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(6) "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries";

(7) "—Certain Covenants—Limitation on Transactions with Affiliates";

(8) "—Certain Covenants—Additional Guarantors"; and

(9) clause (3)(a) of the first and second paragraphs of the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets."

Such covenants will not, however, be of any effect with regard to the actions of the Company and its Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (i) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period; (ii) all Debt incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Certain Covenants—Limitation on Debt;" (iii) any transactions with Affiliates entered into after such reinstatement pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (10) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Transactions with Affiliates;" (iv) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;" and (v) no Restricted Subsidiary shall be required to comply with the covenant described under "—Certain Covenants—Additional Guarantors" after such reinstatement with respect to any guarantee entered into by such Restricted Subsidiary during any Suspension Period. Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes;

(2) default in payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any Restricted Subsidiary to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by the Company or any Restricted Subsidiary for 60 days after written notice from the Trustee or the holders of at least 25% in aggregate principal amount of the Notes to comply with any of the other agreements or obligations in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically set out in clauses (1), (2) or (3) above);

(5) default under any mortgage, indenture or instrument under which there is or may be issued or by which there is or may be secured or evidenced any Debt for money borrowed by the Company or any Restricted Subsidiary (or the payment of which is guaranteed by the Company or any Restricted Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the Indenture, if that default:

 (a) is caused by a failure to pay principal of such Debt at the Stated Maturity thereof prior to the expiration of the grace period provided in such Debt on the date of such default and such failure to make any payment has not been waived or the maturity of such Debt has not been extended (a "Payment Default"); or

 (b) results in the acceleration of such Debt prior to its express maturity,

 and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €25.0 million or more;

(6) failure by the Company or any Restricted Subsidiary to pay final judgments by a court or courts of competent jurisdiction aggregating in excess of €25.0 million (in excess of amounts which the Company's or such Restricted Subsidiary's insurance providers have agreed to pay under applicable policies), which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the Indenture, the Notes or any Guarantee are held in any judicial proceeding to be unenforceable or invalid or cease for any reason to be in full force and effect or any Guarantor, the Issuer, or any Person acting on behalf of the Issuer or any Guarantor, will deny or disaffirm its obligations under the Notes or its Guarantee; and

(8) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any Restricted Subsidiary that is a Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default specified in clause (8), above, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the holders of at least 25% in principal amount of the then outstanding Notes may, and the Trustee, upon the request of such number of holders, will (*provided* it has been indemnified and/or secured and/or pre-funded to its satisfaction), declare all of the Notes to be due and payable immediately.

Holders of the Notes may not independently enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any of its trusts or powers.

At any time after a declaration of acceleration under the Indenture, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes, by written notice to the Company and the Trustee, may rescind such declaration and its consequences if:

(1) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

 (a) all overdue interest and Additional Amounts on all Notes then outstanding;

 (b) all unpaid principal of and premium, if any, on any outstanding Note that has become due otherwise than by such declaration of acceleration and interest thereon at the then current rate borne by the Notes;

(c) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the then current rate borne by the Notes; and

(d) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(3) all Events of Default, other than the non-payment of amounts of principal of, premium, if any, and any Additional Amounts and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived.

No such rescission will affect any subsequent default or impair any right consequent thereon.

The holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or Additional Amounts on, or the principal of, the Notes.

No holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless the holders of at least 25% in aggregate principal amount of the outstanding Notes have made a written request, and offered indemnity and/or security and/or pre-funding satisfactory to the Trustee, to the Trustee to institute such proceeding as Trustee under the Notes and the Indenture, the Trustee has failed to institute such proceeding within 30 Business Days after receipt of such notice and the Trustee within such 30-Business Day period has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, and Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

If a Default or an Event of Default occurs and is continuing and is known to the Trustee, the Trustee will mail to each holder of the Notes notice of the Default or Event of Default within 30 Business Days after it occurs and is known to the Trustee. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the Trustee may withhold the notice to the holders of such Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Notes.

The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture.

The Indenture provides for the indemnification of the Trustee in connection with its actions under the Indenture.

The Trustee will not be responsible for monitoring any of the covenants or restrictions or obligations contained in the Notes or in the Indenture. The Company and the Issuer are required to deliver to the Trustee annually a statement regarding compliance with the Indenture. In all instances under the Indenture, the Trustee will be entitled to rely on any certificates, statements or opinions delivered pursuant to the Indenture absolutely and will not be obligated to enquire further as regards the circumstances then existing and will not be responsible to the holders of the Notes for so relying.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default"), then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

Notices

All notices to holders of the Notes will be validly given if mailed to them at their respective addresses in the register of the holders of such Notes, if any, maintained by the Registrar. In addition, if and for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes listed on the Luxembourg Stock Exchange will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to holders of the Notes will be validly given if delivered to Euroclear and Clearstream, each of which will give such notices to the holders.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if such notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a holder or any defect in it shall not affect its sufficiency with respect to other holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any personal liability for any obligations of the Issuer or such Guarantor under the Notes, the Indenture or the Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option or at the option of the Company, and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to the Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, interest, premium and Additional Amounts, if any, on such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations concerning (i) issuing temporary Notes, (ii) registering Notes, (iii) replacing mutilated, destroyed, lost or stolen Notes, (iv) maintaining an office or agency for payment, and (v) segregating and holding such payments in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option or at the option of the Company, and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance"), and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy and insolvency events) described under "—Events of Default and Remedies" will no longer constitute Events of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer or the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in euro, non-callable Government Securities, or a combination of cash in euro and non-callable Government Securities, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, and interest, premium and Additional Amounts, if any, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer or Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer or the Company must have delivered to the Trustee an opinion of counsel of recognized standing with respect to U.S. federal income tax matters (reasonably acceptable to the Trustee) confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that (and based thereon such opinion will confirm that) the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer or the Company must have delivered to the Trustee an opinion of counsel of recognized standing with respect to U.S. federal income tax matters (reasonably acceptable to the Trustee) confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in the trust arising therefrom constituting an "investment company" within the meaning of the U.S. Investment Company Act of 1940, as amended, unless registered thereunder or exempt therefrom;

(6) such Legal Defeasance or Covenant Defeasance, including the deposit described in clause (1), above, will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Issuer or the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer or the Company with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or the Company or others; and

(8) the Issuer or the Company must deliver to the Trustee an Officers' Certificate and an opinion of counsel (and the Trustee will be entitled to rely on both absolutely), each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

With respect to either Legal Defeasance or Covenant Defeasance, the Trustee will be entitled to rely absolutely on all certificates, opinions and other documents delivered to it.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture and the Notes may be modified, amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and any existing Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Without the consent of (i) the holders of at least 90% of the aggregate principal amount of the then outstanding Notes or (ii) each holder adversely affected thereby, (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes) an amendment, modification or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver of provisions of the Indenture;

(2) reduce the principal (or Additional Amounts or premium, if any) of or change the Stated Maturity of the principal of, or any installment of Additional Amounts or premium, if any, or interest on, any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Optional Redemption");

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, or Additional Amounts, if any, on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(5) impair the right to institute suit for the enforcement of any payment of any Note in accordance with the provisions of such Note and the Indenture;

(6) amend, change or modify the obligation to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with the provisions described under the caption "—Repurchase at the Option of Holders—Sales of Certain Assets" covenant or the obligation to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with the provisions described under the caption "Repurchase at the Option of Holders—Change of Control," including, in each case, amending, changing or modifying any definition relating thereto;

(7) except as otherwise permitted under "—Certain Covenants—Merger, Consolidation or Sale of Assets," consent to the assignment or transfer by the Company of any of the Company's rights or obligations under the Indenture;

(8) make any Note payable in a currency other than that stated in the Notes;

(9) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest or premium or Additional Amounts, if any, on the Notes;

(10) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(11) release the Issuer or any Guarantor from any of its obligations under the Notes or the Indenture, except in accordance with the terms of the Indenture; or

(12) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without notice to or the consent of any holder of Notes, the Issuer and the Trustee may modify, amend or supplement the Indenture, any Guarantee or the Notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or any Guarantor's obligations to holders of Notes in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Guarantees or the Notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture, the Guarantees or the Notes;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(7) to allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the Notes or release Guarantees in accordance with the terms of the Indenture;

(8) to secure the Notes; or

(9) to evidence and provide for the acceptance and appointment under the Indenture of a successor trustee.

The provisions relating to meetings of bondholders contained in articles 86 to 94-8 of the Luxembourg act dated August 10, 1915 on commercial companies, as amended, will not apply in respect of the Notes. No holder of Notes may initiate proceedings against the Issuer based on article 98 of the Luxembourg Companies Act 1915.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) the Issuer or the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euro, non-callable Government Securities, or a combination of cash in euro and non-callable Government Securities, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes that have not, prior to such time, been delivered to the Trustee for cancelation, for principal of, premium, if any, and any Additional Amounts, if any, and accrued and unpaid interest to the date of maturity or redemption, as the case may be, and the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of Notes at maturity or on the redemption date, as the case may be; and either:

    (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or the Company, have been delivered to the Trustee for cancelation; or

    (b) all Notes that have not been delivered to the Trustee for cancelation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(3) the Issuer or the Company has paid or caused to be paid all sums payable by the Issuer under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an opinion of counsel to the Trustee (and the Trustee will be entitled to rely on both absolutely) stating that all conditions precedent to satisfaction and discharge have been satisfied and that such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound.

Judgment Currency

The Issuer and the Guarantors, jointly and severally, will agree to indemnify the holders against any loss incurred, as incurred, as a result of any judgment or award in connection with the Indenture being expressed in a currency (the "Judgment Currency") other than the euro and as a result of any variation as between (i) the spot rate of exchange in London at which the Judgment Currency could have been converted into euro as of the date such judgment or award is paid and (ii) the spot rate of exchange at which the indemnified party converts such Judgment Currency. The foregoing will constitute a separate and independent obligation of the Issuer and the Guarantors and will continue in full force and effect notwithstanding any such judgment or order. The term "spot rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Concerning the Trustee

The Issuer, failing whom, the Company and/or any Guarantor, shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee, and the Trustee has received, security, indemnity and/or pre-funding satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors, jointly and severally, will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge by writing to Intralot S.A., 64 Kifissias Avenue & 3 Premetis Street, Maroussi, Athens, Greece, Attention: General Counsel.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Debt of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Debt is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Debt secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to a Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at September 15, 2020 (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption—Optional Redemption on or after September 15, 2020") plus (ii) all required interest payments due on the Note through September 15, 2020 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

(b) the then outstanding principal amount of the Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, Registrar or any Paying or Transfer Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions of the Indenture described above under "—Repurchase at the Option of Holders—Sales of Certain Assets"; and

(2) the issuance of Equity Interests in any Restricted Subsidiary or the sale of Equity Interests by the Company or any Restricted Subsidiary in any Restricted Subsidiary (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €15.0 million;

(2) a transfer of assets or Equity Interests between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to any other Restricted Subsidiary;

(4) the sale, lease or other transfer of equipment, inventory, products, services, accounts receivable, licenses or software in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments";

(7) any sale or other disposition of damaged, unserviceable, worn-out or obsolete assets in the ordinary course of business;

(8) granting of Liens not prohibited by the covenant described under the caption "—Certain Covenants—Limitation on Liens";

(9) the licensing or sublicensing of intellectual property, licenses, trademarks and software, leases or subleases of other property in the ordinary course of business and which do not materially interfere with the business of the Company and its Restricted Subsidiaries taken as a whole;

(10) a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind in the ordinary course of business;

(11) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Permitted Business of comparable or greater market value or usefulness to the business of the Company and its Restricted Subsidiaries as a whole, as determined in good faith by the Company;

(14) any sale, transfer or other disposition of Securitization Assets and related assets in connection with any Qualified Securitization Financing;

(15) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(16) a disposition that is made in connection with the establishment of a joint venture which is a Permitted Investment.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation (including for the avoidance of any doubt, any Luxembourg public limited liability company *société anonyme*), the board of directors of the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(a) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to September 15, 2020, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to September 15, 2020; *provided* that if the period from such redemption date to September 15, 2020 is less than one year, a fixed maturity of one year will be used;

(b) "Comparable German Bund Price" means, with respect to any redemption date, the average of the Reference German Bund Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(d) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding such redemption date.

"*Business Day*" means a day other than Saturday, Sunday or any other day on which banking institutions in Luxembourg, London, Greece or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation (including for the avoidance of any doubt, any Luxembourg public limited liability company (*société anonyme*)), corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means, at any time (i) securities issued or directly and fully guaranteed or insured by the United States government or a state that is a member state of the European Union (each, a "Member State"), Switzerland or Canada or any agency or instrumentality of either thereof (provided that the full faith and credit of the United States or such Member State, Switzerland or Canada as the case may be, is pledged in support thereof) having maturities of not more than one year from the date of acquisition; (ii) certificates of deposit, overnight deposits, time deposits, banker's acceptances and eurodollar time deposits (and similar instruments) with maturities not exceeding twelve months and overnight bank deposits, in each case, with (x) any commercial bank or trust company that has accepted or issued such deposits or acceptances to the Company or any of its Restricted Subsidiaries as of the Issue Date or (y) any commercial bank having capital and surplus in excess of €250 million and any of a Fitch, Inc. rating of "BBB+" or better, a Moody's rating of "Baa1" or better or an S&P rating of "BBB+" or better; (iii) deposits in connection with the gaming or payment services business of the Company or its Restricted Subsidiaries in the ordinary course of business and consistent with past practice issued by a bank or a trust company organized, or authorized to operate as a bank or trust company, under the laws of a member state of the European Union; (iv) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (i) and (ii) above entered into with any financial institution meeting the qualifications specified in clause (ii) above; (v) commercial paper having a rating at the time of the investment of at least one of the two highest ratings obtainable from Moody's or S&P or, if no rating is available in respect of such commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating and in each case maturing within twelve months after the date of acquisition; (vi) in the case of any Restricted Subsidiary located outside the United States and the European Union, any substantially similar investment to the kinds described in clauses (i) through (v) of this definition obtained in the ordinary course of business and with the highest rating obtainable in the applicable jurisdiction; and (vii) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (i) through (vi) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than one or more Permitted Holders;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that (i) any Person (including any "person" as defined above), other than the Permitted Holders, becomes Beneficial Owner, directly or indirectly, of more than 35% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares and (ii) the Permitted Holders do not beneficially own a larger percentage of such Voting Stock than such Person or group, *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Company becoming a wholly-owned Subsidiary of a Successor Parent (subject to any directors' qualifying shares or shares required by any applicable law or regulation to be held by a person other than the Company or another wholly-owned Subsidiary that are held by a Person other than such Successor Parent); or

(4) a majority of the Board of Directors of the Company shall be replaced, over a two-year period, from the directors who constituted the Board of Directors at the beginning of such period, and such replacement shall not have been approved by either the Board of Directors as constituted at the beginning of such period or by one or more Permitted Holders;

excluding in the case of clause (2) above, any consolidation, scheme of arrangement, merger or similar arrangement of the Company with or into any Person, or any consolidation, scheme of arrangement, merger or similar arrangement of any Person into or with the Company, in each case pursuant to an arrangement or transaction (i) in which immediately after such transaction, (x) no Person (including any "person" as defined above), other than the Permitted Holders, becomes Beneficial Owner, directly or indirectly, of more than 35% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares and (y) the Permitted Holders do not beneficially own a larger percentage of such Voting Stock than such Person or group and (ii) which is in compliance with the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets."

"*Company*" means Intralot, S.A. and its respective successors and assigns.

"*Company Guarantee*" means the Guarantee incurred by the Company.

"*Consolidated Cash Flow*" of the Company means the Consolidated Net Income of the Company for such period plus:

(1) an amount equal to any extraordinary, exceptional or nonrecurring loss plus any net loss realized by the Company or any Restricted Subsidiary in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes based on income or profits of the Company and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) the Fixed Charges of the Company and its Restricted Subsidiaries for such period, to the extent that any such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(4) depreciation, amortization (including amortization of goodwill and other intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of the Company and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income and except to the extent already counted in clause (1) hereof; *plus*

(5) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Permitted Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business, provided that such payments are made at the time of such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), establishing a joint venture, disposition, recapitalization or listing or the incurrence of Debt permitted to be incurred under the covenant described above under the caption "—Certain Covenants—Limitation on Debt" (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Debt issuance and (ii) any amendment or other modification of any incurrence; *plus*

(6) the amount of any expense attributable to minority interests consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period to the extent that any such expense was deducted in computing such Consolidated Net Income, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(7) any foreign currency translation losses (including losses related to currency remeasurements of Debt) of the Company and its Restricted Subsidiaries; *plus*

(8) all expenses incurred directly in connection with any early extinguishment of Debt; *minus*

(9) any foreign currency translation gains of the Company and its Restricted Subsidiaries; *minus*

(10) non-cash items increasing such Consolidated Net Income for such period (excluding any such non-cash item of income to the extent it represents the reversal of accruals or reserves for cash charges taken in prior periods or will result in receipt of cash payments in any future period),

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" of the Company means the aggregate of the Net Income of the Company and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS; *provided* that:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the Company or a Restricted Subsidiary;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph under the caption "—Certain Covenants—Limitation on Restricted Payments," the Net Income of any Restricted Subsidiary (other than any Guarantor) will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless, in each case, such restriction has been legally waived (other than (a) restrictions pursuant to the Notes or the Indenture and (b) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that would not otherwise materially adversely affect the ability of the Issuer to service or repay the Notes) except that the Company's equity in the Net Income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations will be excluded;

(4) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any one-time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(7) any non-cash compensation charges or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(8) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Debt and any net gain or loss from any write off or forgiveness of Debt will be excluded;

(9) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(10) any unrealized foreign currency translation gains or losses will be excluded;

(11) any goodwill or other intangible asset impairment charges will be excluded; and

(12) to the extent not already included in Consolidated Net Income of such Person and its Restricted Subsidiaries, the amount of proceeds actually received from business interruption will be included.

"*Consolidated Senior Debt*" means, as of any date of determination, the sum of the total amount of Senior Debt of the Company and its Restricted Subsidiaries on a consolidated basis and net of any cash and Cash Equivalents (except for cash and Cash Equivalents which are the proceeds of Senior Debt with respect to which the calculation of the Consolidated Senior Leverage Ratio is being made).

"*Consolidated Senior Leverage Ratio*" of the Company means as of any date of determination the ratio of (a) the Consolidated Senior Debt of the Company measured as of the end of the most recently ended four full fiscal quarter period for which internal financial statements are available immediately preceding the date of determination to (b) the Consolidated Cash Flow of the Company for such four-quarter period. In the event that the Company or any Restricted Subsidiary incurs, assumes, guarantees, repays, repurchases or redeems any Senior Debt (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Consolidated Senior Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Leverage Ratio is made (the "Calculation Date"), then the Consolidated Senior Leverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Senior Debt, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided however*, that the *pro forma* calculation of the Consolidated Senior Leverage Ratio shall not give effect to (i) any Senior Debt incurred on the date of determination pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the date of determination of any Senior Debt to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the definition of Permitted Debt.

In addition, for purposes of calculating the Consolidated Senior Leverage Ratio for such period:

(1) acquisitions that have been made by the Company or any Restricted Subsidiary, including through mergers or consolidations, or by any Person or any Restricted Subsidiary acquired by the Company or any Restricted Subsidiary, and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date or that are to be made on the Calculation Date will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expenses and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Debt ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligations or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

   (a) for the purchase or payment of any such primary obligation; or

   (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligations of the ability of the primary obligor to make payment of such primary obligations against loss in respect thereof.

"*Credit Facilities*" means one or more debt facilities, indentures, trust deeds, note purchase agreements or other arrangements (including without limitation the facilities described in the definition of Syndicated Facilities) or commercial paper facilities with banks, insurance companies, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit or other forms of guarantees and assurances, or other Debt, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, repaid or refinanced (and whether in whole or in part and whether or not with the original administrative agent or trustee or lenders or another administrative agent or agents or trustee or other bank or institutions and whether provided under the facilities described in the definition of Syndicated Facilities and one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Debt incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Debt incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Debt*" means, with respect to any Person, without duplication, any of the following items (excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business):

(1) all liabilities of such Person for borrowed money (including overdrafts) or for the deferred purchase price of property or services due more than six months after such property is acquired or such services are completed;

(2) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(3) all reimbursement obligations, contingent or otherwise, of such Person in connection with any letters of credit, bankers' acceptances or other instruments;

(4) all Capital Lease Obligations of such Person;

(5) all Hedging Obligations of such Person;

(6) all Debt referred to in (but not excluded from) the preceding clauses (1) through (5) of other Persons, the payment of which is secured by any Lien upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt (the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property or asset or the principal amount of the Debt so secured);

(7) the principal component of Debt of other Persons to the extent guaranteed by such Person;

(8) all Disqualified Stock of such Person valued at the greater of its voluntary maximum fixed repurchase price or involuntary maximum fixed repurchase price plus accrued and unpaid dividends; and

(9) Preferred Stock of any Restricted Subsidiary;

provided that the foregoing indebtedness (other than letters of credit and Hedging Obligations) shall be included in this definition of Debt only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS; and *provided further* that the term "Debt" will not include (i) non-interest bearing installment obligations and accrued liabilities incurred in the ordinary course of business that are not more than 180 days past due; (ii) Debt in respect of the incurrence by the Company or any Restricted Subsidiary of Debt in respect of standby letters of credit, bankers' acceptances, performance bonds, bid bonds or surety bonds provided by the Company or any Restricted Subsidiary in the ordinary course of business to the extent that such letters of credit, bankers' acceptances or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the 30th day following receipt by such Person of a demand for reimbursement following payment on the letter of credit, bankers' acceptance or bond; (iii) anything accounted for as an operating lease in accordance with IFRS as at the date of the Indenture; (iv) Debt incurred by the Company or a Restricted Subsidiary in connection with a transaction where (x) such Debt is borrowed from any commercial bank having capital and surplus in excess of €500 million and a Thomson Bank Watch Rating of "B" or better and (y) a substantially concurrent Investment is made by the Company or a Restricted Subsidiary in the form of cash deposited with the lender of such debt, or a Subsidiary or affiliate thereof, in an amount equal to such Debt; (v) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes; (vi) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; (vii) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business; (viii) Contingent Obligations in the ordinary course of business; (ix) deferred payments or similar amounts owed in respect of gaming taxes; (x) for the avoidance of doubt, Preferred Stock of the Company; and (xi) for the avoidance of doubt, the principal component of Debt of other Persons to the extent guaranteed by the Company or any of its Restricted Subsidiaries organized in Greece if such guarantee would not appear as a liability upon a balance sheet of the Company or such Restricted Subsidiary organized in Greece, as the case may be, prepared in accordance with IFRS and therefore shall not be subject to the restrictions of the covenant described above under the caption "—Certain Covenants—Limitation on Debt."

For purposes of this definition, the "maximum fixed repurchase price" of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Debt will be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such fair market value will be determined in good faith by the board of directors of the issuer of such Disqualified Stock; *provided* that if such Disqualified Stock is not then permitted to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments."

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means an underwritten public offer and sale of Equity Interests (which are not Disqualified Stock) of the Company, or of any Person that directly or indirectly holds shares representing more than 50% of the voting power of the Company's outstanding Voting Stock.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Debt paid into segregated escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*euro*" or "*€*" means the single currency of participating member states of the European Monetary Union.

"*European Union*" means the European Union as constituted on April 30, 2004, specifically comprising the countries of Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which becomes a member of the European Union after April 30, 2004.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than the euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euros with the applicable foreign currency as quoted by Reuters at approximately 11:00 (New York City time) on the date not more than two business days prior to such determination. For purposes of determining whether any Debt can be incurred (including Permitted Debt), any Investment can be made or any transaction described in "—Certain Covenants—Limitation on Transactions with Affiliates" covenant can be undertaken (a "Tested Transaction"), the Euro Equivalent of such Debt, Investment or transaction described in "—Certain Covenants—Limitation on Transactions with Affiliates" will be determined on the date incurred, made or undertaken and, in each case, no subsequent change in the Euro Equivalent will cause such Tested Transaction to have been incurred, made or undertaken in violation of the Indenture.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*Excluded Contributions*" means the net cash proceeds received by the Company after the Issue Date from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as "Excluded Contributions" pursuant to an Officer's Certificate of the Company (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in clause (3)(b) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" hereof.

"*Existing Debt*" means Debt of the Company and its Restricted Subsidiaries in existence on the date of the Indenture (other than Debt constituting the Existing Local Credit Facilities Debt), until such amounts are repaid.

"*Existing Local Credit Facilities Debt*" means the Debt of the Company and its Restricted Subsidiaries in existence (or committed) on the date of the Indenture under the (i) Bilateral Facility Agreement dated July 4, 2012, between, Maltco Lotteries Limited as customer, Associated Supplies Limited, Intralot S.A. and The Players Group Limited as guarantors and Bank of Valletta as the Bank, (ii) Bilateral Facility Agreement dated February 9, 2010, and amended on January 31, 2017, between Intralot Inc. as borrower, Intralot S.A. and Intralot Finance UK Ltd as guarantors, and Bank of America N.A. as the Bank, (iii) Short-term Revolving Credit Agreement dated February 8, 2013 among Totolotek S.A. as borrower, Societe Generale Spólka Akcyjna as lender and Intralot S.A. as guarantor, (iv) Long-term Credit Facility Agreement dated December 2016, between Supreme Ventures Limited as borrower and Sagicor Bank Jamaica Limited as lender, (v) Short-term Revolving Credit Facility Agreement dated December 2011 and amended in April 2017 between Intralot do Brasil Comércio de Equipamentos e Programas de Computador Ltda. as borrower and Itau Unibanco as lender and (vi) the Long-term Credit Facility Agreement dated May 2012 between Eurobet Limited as borrower and First Investment Bank AD as lender, each as amended and/or restated from time to time.

"*Fair Market Value*" means, with respect to any asset or property, the sale value that would be obtained in an arm's length free-market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, chief executive officer, chief financial officer or responsible accounting or financial officer of the Company (it being understood that the discounted value of any Securitization Assets (or related assets) sold, conveyed or transferred in connection with any Qualified Securitization Financing may constitute "Fair Market Value" if such discount is on customary terms for comparable financings as determined in good faith by Board of Directors, chief executive officer, chief financial officer or responsible accounting or financial officer of the Company), unless otherwise indicated.

"*Fitch*" means Fitch Ratings, Ltd. and its successors.

"*Fixed Charge Coverage Ratio*" of the Company for any period means the ratio of the Consolidated Cash Flow of the Company for such period to the Fixed Charges of the Company for such period. In the event that the Company or any Restricted Subsidiary incurs, assumes, guarantees, repays, repurchases or redeems any Debt (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Debt, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period *provided, however*, that the *pro forma* calculation of the Fixed Charge Coverage Ratio shall not give effect to (i) any Debt incurred on the date of determination pursuant to the provisions described in the definition of Permitted Debt or (ii) the discharge on the date of determination of any Debt to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the definition of Permitted Debt.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the Company or any Restricted Subsidiary, including through mergers or consolidations, or by any Person or any Restricted Subsidiary acquired by the Company or any Restricted Subsidiary, and including any related financing transactions, during the four-quarter reference period or

subsequent to such reference period and on or prior to the Calculation Date or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expenses and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the Company or any of Restricted Subsidiary following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Debt bears a floating rate of interest, the interest expense on such Debt will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Debt if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Debt).

"*Fixed Charges*" of the Company means the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of the Company and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of original issue discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; *plus*

(2) the consolidated interest of the Company and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Debt of another Person that is guaranteed by the Company or a Restricted Subsidiary or secured by a Lien on assets of the Company or a Restricted Subsidiary, whether or not such guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of the Company or any Restricted Subsidiary, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current statutory tax rate of the Company, expressed as a decimal, in each case, on a consolidated basis and in accordance with IFRS.

"*Government Securities*" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Debt.

"*Guarantee*" means any guarantee of the Issuer's obligations under the Indenture and the Notes by any Guarantor. When used as a verb, "Guarantee" will have a corresponding meaning.

"*Guarantor*" means the Company and each of the Subsidiary Guarantors.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates.

"*IFRS*" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board (or any successor board or agency) and in effect on the date hereof, or, with respect to the covenant described under the caption "—Reports" as in effect from time to time.

"*Intercompany Proceeds Loans*" means the intercompany proceeds loans made by the Issuer to certain members of the Intralot Group using the proceeds of the issuance of the Notes.

"*Intralot Group*" means the Company and its Restricted Subsidiaries.

"*Investment Grade Status*" shall occur when the Notes are rated as follows by two of the following three Rating Agencies: Baa3 or better by Moody's, BBB− or better by S&P and/or BBB− or better by Fitch (or, if any such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Debt, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments." The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenants described above under the caption "—Certain Covenants—Limitation on Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means September 20, 2017.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers or employees of any Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding €2.0 million in the aggregate outstanding at any time.

"*Material Company*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 5% of the Consolidated Cash Flow of the Company or (2) as of the end of the most recent fiscal year, was the owner of more than 5% of Total Assets.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with IFRS and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any net gain (or loss), together with any related provision for taxes on such net gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any Restricted Subsidiary or the extinguishment of any Debt of such Person or any Restricted Subsidiary; and

(2) (a) any extraordinary, exceptional or nonrecurring gain (or loss), together with any related provision for taxes on such extraordinary, exceptional or nonrecurring gain (or loss), (b) any asset impairment charges or the financial impacts of natural disasters (including fire, flood or storm and related events) or (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements and all distributions and other payments required to be made to minority interest holders (other than the Company or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, and amounts required to be applied to the repayment of Debt, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with IFRS.

"*Non-Guarantor Debt*" means, with respect to any Person as of any date of determination, the sum, without duplication, of the total amount of Debt incurred or issued by the Company's Restricted Subsidiaries that are not the Issuer or a Guarantor that is (1) incurred or issued under the first paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Debt," (2) incurred or issued under clause (1) or (16) of the definition of Permitted Debt and (3) any Permitted Refinancing Debt in respect of the Debt referred to in the foregoing clause (1) and this clause (3).

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Debt.

"*Officer's Certificate*" means a certificate signed by a director, the principal executive officer, principal financial officer or general counsel of the Issuer or of a Guarantor, as the case may be, and delivered to the Trustee.

"*Pari Passu Debt*" means (a) with respect to the Notes, any Debt of the Issuer that ranks equally in right of payment with the Notes and (b) with respect to any Guarantee, any Debt that ranks equally in right of payment to such Guarantee.

"*Permitted Business*" of a Person means the gaming and gaming related business and other businesses necessary for, related to, incident to, connected with, ancillary or complementary to, arising out or similar to any of the foregoing or are extensions or developments of any thereof, or developed or operated to permit or facilitate the conduct of, the gaming and gaming related business.

"*Permitted Holders*" means, collectively, (i) Kokkalis Socrates, Dimitriades Konstantinos and Constantinos Antonopoulos, and (ii) any Related Person of any such Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash or Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Sales of Certain Assets";

(5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(6) any Investments received in compromise or resolution of obligations of (A) trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (B) litigation, arbitration or other disputes;

(7) Hedging Obligations permitted under clause (6) of the definition of "Permitted Debt";

(8) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(9) surety and performance bonds and workers' compensation, utility, lease, tax, performance and similar deposits and prepaid expenses in the ordinary course of business;

(10) Guarantees of Debt permitted under the covenant contained under the caption "—Certain Covenants—Limitation on Debt";

(11) Investments acquired after the Issue Date as a result of the acquisition of another Person by the Company or any Restricted Subsidiary, including by way of a merger, amalgamation or consolidation with or into the Company or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, consolidation or amalgamation and were in existence on the date of such acquisition, merger or consolidation;

(12) Investments received as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment in default;

(13) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; provided that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(14) Investments in the Notes (including any Additional Notes) and any other Debt of the Company or any Restricted Subsidiary;

(15) Management Advances;

(16) payroll, commission, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(17) prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(18) any Investment made in connection with a Qualified Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Financing or any related Debt;

(19) Investments consisting of purchases and acquisition of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(20) loans or advances to gaming machine site owners or gaming machine sub-operators in the ordinary course of business;

(21) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements that are related to the Company's or any Restricted Subsidiary's business;

(22) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "—Certain Covenants—Limitation on Debt";

(23) Investments by the Company or any of its Restricted Subsidiaries in joint ventures; *provided* that either (a) the aggregate Fair Market Value of any such Investment (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (23) that are at the time outstanding, does not exceed €125.0 million or (b) after giving *pro forma* effect to any such Investment, the Company is able to incur at least €1.00 of additional Debt pursuant to the Fixed Charge Coverage Ratio set forth in the first paragraph under "—Certain Covenants—Limitation on Debt"; and *provided, further*, that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of Permitted Investments and not this clause; and

(24) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (24) that are at the time outstanding not to exceed the greater of €60.0 million and 6.0% of Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of Permitted Investments and not this clause.

"*Permitted Liens*" means:

(1) Liens in favor of the Company or any of its Restricted Subsidiaries;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged into or consolidated with the Company or the Restricted Subsidiary;

(3) Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary, *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(4) Liens to secure the performance of statutory obligations, surety or appeal bonds, trade contracts, insurance, performance or bid bonds, workers' compensation obligations, leases or other obligations of a like nature incurred in the ordinary course of business (other than obligations for the payment of money), including Liens to secure letters of credit issued to assure payment of such obligations;

(5) Liens existing on the Issue Date;

(6) Liens securing the Notes and the Guarantees;

(7) Liens securing Hedging Obligations;

(8) Liens securing Debt incurred pursuant to clause (11) of the definition of "Permitted Debt";

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(10) Liens securing Permitted Refinancing Debt of secured Debt incurred by the Company or a Restricted Subsidiary *provided*, that any such Lien is limited to all or part of the same property or asset (plus improvements, accessions, proceeds of dividends or distributions in respect thereof) that secured the Debt being refinanced;

(11) survey exceptions, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties that were not incurred in connection with Debt and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(12) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(13) any attachment, prejudgment or judgment Lien that does not constitute an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(14) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained or deposited with a depositary institution;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Debt;

(16) interest or title of a lessor or sublessor under any operating lease;

(17) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(18) Liens (including put and call arrangements) on Capital Stock, warrants or other securities of any Unrestricted Subsidiary that secure Debt of such Unrestricted Subsidiary;

(19) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(20) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Debt permitted under the Indenture and securing that Debt;

(21) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(22) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities (for the avoidance of doubt, other than in connection with any cash management programs);

(24) Liens incurred in connection with a cash management program established in the ordinary course of business;

(25) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(26) Liens upon specific items of inventory, receivables or other goods (or the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods (or the proceeds thereof);

(27) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord, contractor or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary (including those arising from progress or partial payments by a third party relating to such property or assets) and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(28) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(29) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(30) Liens on Securitization Assets and related assets incurred in connection with any Qualified Securitization Financing (including Liens encumbering cash deposits in bank accounts established in connection with a Qualified Securitization Financing and Liens encumbering cash and Cash Equivalents collected from receivables that are part of or subject to a Qualified Securitization Financing);

(31) Liens created on any asset of the Company or any Restricted Subsidiary to secure (a) Debt of the Company or any Restricted Subsidiary incurred pursuant to the first paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Debt," (b) Debt of the Company or any Restricted Subsidiary incurred pursuant to clause (1) or (16) of the second paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Debt" or (c) any Permitted Refinancing Debt in respect of Debt incurred pursuant to the foregoing clause (a) or this clause (c), *provided* that such Debt incurred pursuant to the foregoing clauses (a) through (c) do not exceed in the aggregate a principal amount (or accreted value, as applicable) equal to the greater of €100.0 million and 10.0% of Total Assets less the aggregate principal amount (or accreted value, as applicable) of Non-Guarantor Debt at any time outstanding (except, for the avoidance of doubt and to avoid duplication, to the extent such Non-Guarantor Debt is secured by a Lien incurred pursuant to this clause (31));

(32) Liens created on any asset of a Restricted Subsidiary that is not a Guarantor to secure Debt of any Restricted Subsidiary that is not a Guarantor permitted to be incurred under the covenant described under the caption "—Certain Covenants—Limitation on Debt";

(33) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Debt (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Debt or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Debt and are held in an escrow account or similar arrangement to be applied for such purpose; and

(34) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (33); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Debt being refinanced.

"*Permitted Refinancing Debt*" means any Debt of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease, exchange, discharge or refund other Debt of such Person (other than intercompany Debt); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Debt does not exceed the principal amount (or accreted value, if applicable) of the Debt extended, refinanced, renewed, replaced, defeased, exchanged, discharged or refunded (plus all accrued interest on the Debt and the amount of all fees, expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Debt (a) has a final maturity date that is either (i) no earlier than the final maturity date of the Debt being extended, refinanced, renewed, replaced, defeased, exchanged, discharged or refunded or (ii) later than the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Debt being extended, refinanced, renewed, replaced, defeased, exchanged, discharged or refunded;

(3) if the Debt being extended, refinanced, renewed, replaced, defeased, exchanged, discharged or refunded is contractually subordinated in right of payment to the Notes, such Permitted Refinancing Debt is contractually subordinated in right of payment to, the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Debt being extended, refinanced, renewed, replaced, defeased, exchanged, discharged or refunded; and

(4) such Debt is incurred either by the Issuer or by a Guarantor if the Issuer or any Guarantor was the obligor on the Debt being extended, refinanced, renewed, replaced, defeased, exchanged, discharged or refunded,

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Preferred Stock*" means, with respect to any Person, Capital Stock of any class or classes (howsoever designated) of such Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class of such Person whether now outstanding, or issued after the date of the Indenture, and including, without limitation, all classes and series of preferred or preference stock of such Person.

"*Public Debt*" means any Debt consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Equity Offering*" means a bona fide underwritten public offering of the Capital Stock (other than Disqualified Stock) of the Company, either:

(1) pursuant to a flotation on the Athens Exchange or any other nationally recognized stock exchange or listing authority in a member state of the European Union; or

(2) pursuant to an effective registration statement under the Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the Company has been distributed to investors other than the Permitted Holders or any of their respective Affiliates.

"*Qualified Securitization Financing*" means any financing (including any factoring) pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person or grant a security interest in, any Securitization Assets (and related assets) in any aggregate principal amount equivalent to the Fair Market Value of such Securitization Assets (and related assets) of the Company or any of its Restricted Subsidiaries; provided that (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Company's Board of Directors or senior management) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Company's Board of Directors or senior management) at the time such financing is entered into and (c) such financing shall be non-recourse to the Company or any of its Restricted Subsidiaries except to a limited extent customary for such transactions (as determined in good faith by the Company's Board of Directors or senior management).

"*Related Person*" with respect to any Permitted Holder means: (i) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or (ii) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons or any thereof constitute the beneficiaries, stockholders, partners or owners thereof; or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group and its successors.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Securitization Assets*" means any accounts receivable, inventory, royalty, licenses, contracts or revenue streams from sales of inventory subject to a Qualified Securitization Financing.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Company or any of its Restricted Subsidiaries in connection with any Qualified Securitization Financing.

"*Securitization Repurchase Obligations*" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Senior Debt*" means, with respect to any Person as of any date of determination, any Debt of such Person and its Restricted Subsidiaries (other than liabilities for the deferred purchase price of property or services due more than six months after such property is acquired or such services are completed and other Debt of the type specified in clauses (5) and (9) of the definition of Debt and clauses (5), (6), (7), (8), (9), (10), (11), (12), (14) and (15) of the definition of Permitted Debt) that is (1) not subordinated in right of payment to the Notes or any Guarantee, (2) secured by Liens or (3) incurred by a Restricted Subsidiary of such Person that is not the Issuer or a Guarantor.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the Consolidated Cash Flow of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the Total Assets of the Company.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Debt, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Debt, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Debt*" means Debt of the Issuer or any Guarantor that is contractually subordinated in right of payment to the Notes or the Guarantee of such Guarantor, as the case may be.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any corporation, association or other business entity of which 50% or less of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and such corporation, association or business entity is at the time consolidated in that Person's financial statements in accordance with IFRS;

(3) any partnership, joint venture, limited liability company or similar entity of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

(4) any partnership, joint venture, limited liability company or similar entity of which (a) 50% or less of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and such partnership, joint venture, limited liability company or similar entity is at the time consolidated in that Person's financial statements in accordance with IFRS, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; and

(5) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"*Subsidiary Guarantee*" means a Guarantee incurred by a Subsidiary Guarantor.

"*Subsidiary Guarantor*" means each of Intralot Gaming Services Pty Ltd, Intralot Global Securities B.V., Intralot Global Holdings B.V., Intralot Italian Investments B.V., OLTP Processamento de Transaçóes Online Ltda., Intralot do Brasil Comércio de Equipamentos e Programas de Computador Ltda., Bilot EOOD, Bilot Investments EOOD, Intralot Business Development Limited, Intralot Cyprus Global Assets Ltd, Intralot Holdings International Limited, Intralot International Limited, Intralot Operations Limited, Betting Company Cyprus Limited, Intralot Finance UK Ltd, Intralot Germany GmbH, Intralot Inc., Intralot Interactive S.A., Betting Organization, Operation, and Promotion Company S.A. (Betting Company S.A.), Intralot Jamaica Limited, Intralot Maroc SA, Intralot Nederland B.V., Intralot Iberia Holdings, S.A., Intralot St. Lucia Limited, Intralot Finance Luxembourg S.A. and any other Subsidiary of the Company that accedes to the Indenture as a Guarantor in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Successor Parent*" with respect to any Person, means any other Person, 50% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another wholly-owned Subsidiary) of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) 50% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another wholly-owned Subsidiary) of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Syndicated Facilities*" means the syndicated facilities agreement, dated December 16, 2016 (as amended from time to time), among, inter alios, Intralot Finance UK Ltd, as original borrower, the Company, as parent and original guarantor, and Société Générale, as facility agent, as amended, modified, renewed, refunded, replaced or refinanced from time to time.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Company.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company that is designated as such pursuant to "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries."

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Debt at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Debt, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Debt.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The validity and enforceability of the Guarantees are subject to certain limitations on enforcement and may be limited under applicable law or subject to certain defenses that may limit their validity and enforceability. The following is a non-exhaustive summary description of certain limitations on the validity and enforceability of the Guarantees and a summary of certain insolvency considerations in the European Union, Greece, Brazil, Cyprus, Germany, the Grand Duchy of Luxembourg, Morocco, the Netherlands, Russia, England and Wales and the United States. For a summary description of certain insolvency law considerations in the Grand Duchy of Luxembourg, the jurisdiction in which the Issuer and the Luxembourg Guarantor are organized, see "Certain Luxembourg Insolvency Law Considerations with respect to the Issuer and the Luxembourg Guarantor" below. In the event that any one or more of the Guarantors or any other of the Company's subsidiaries experienced financial difficulties, it is not possible to know with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or what the outcome of such proceedings would be. Applicable insolvency laws may affect the enforceability of the obligations of the Guarantors. The descriptions below are only a summary and do not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Subsidiary Guarantees. If additional Subsidiary Guarantees are required to be granted pursuant to the Indenture in the future, such Guarantees may also be subject to limitations on enforceability and validity, which may differ from those discussed below. See "Risk Factors—Risks Related to the Guarantees—Enforcement of the Notes and the Guarantees across multiple jurisdictions may prove difficult."

European Union

The Issuer and a number of the Subsidiary Guarantors are organized under the laws of member states of the European Union.

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (the "***Recast EU Insolvency Regulation***") which applies to insolvency proceedings opened on and from June 26, 2017 (and replaces Council Regulation (EC) no. 1346/2000 which continues to apply to insolvency proceedings opened prior to June 26, 2017), the court which shall have jurisdiction to open main insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company has its "center of main interests" (as that term is used in Article 3(1) of the Recast EU Insolvency Regulation). The determination of where the Issuer, any of its subsidiaries or a Subsidiary Guarantor has its "center of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views. To date, no final decisions have been made in cases that have been brought before the European Court of Justice in relation to questions of interpretation but under Article 4 of the Recast EU Insolvency Regulation, the court that is requested to open insolvency proceedings must, of its own motion, examine whether it has jurisdiction pursuant to Article 3.

The term "center of main interests" is not a static concept and may change from time to time. Article 3(1) of the Recast EU Insolvency Regulation states that a company has its "center of main interests" in the Member State where the company conducts the administration of its business on a regular basis and which is ascertainable by third parties. There is a rebuttable presumption that a company's centre of main interests is in the Member State in which it has its registered office, in the absence of proof to the contrary. Pursuant to Preamble 30 of the Recast EU Insolvency Regulation and Article 3(1) itself, it is possible to rebut this presumption if it can be shown that the company conducts the central administration of its interests on a regular basis in a Member State other than that of its registered office. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are also taken in that place in a manner that is ascertainable by third parties, the presumption, that the center of the company's main interests is located in that place, should be irrebuttable. Further, the presence of company assets and the existence of contracts for the financial exploitation of those assets in a Member State other than that in which the registered office is situated are unlikely, by themselves, to be sufficient factors to rebut the presumption as to the location of center of main interests. However, if a comprehensive assessment of all relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's central administration and the management of its interests is located in that other Member State, the presumption can be rebutted. Previous case law has held that the factors to be taken into account include, in particular, all places in which the debtor company pursues economic activities and all those in which it holds assets, in so far as they are ascertainable by third parties although these factors are not exhaustive and other factors may be relevant. In that respect, factors such as where board meetings are held, the location where the relevant company conducts the majority of its business and the location where the large majority of the relevant company's creditors transact with the company may all be relevant in the determination of the place where the relevant company has its "center of main interests." The point at which the Issuer's or any of its subsidiaries' or a Subsidiary Guarantor's "center of main interests" is determined is at the time that the relevant insolvency proceedings are opened.

Under the Recast EU Insolvency Regulation, the presumption locating a company's center of main interests where its registered office is situated shall only apply if that registered office has not been moved to another Member State in the three months prior to the request for the opening of insolvency proceedings.

If the "center of main interests" of a company is and will remain located in a Member State (other than Denmark), main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation may be commenced in such jurisdiction, and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation, with these proceedings being governed by the lex fori concursus, i.e. the insolvency laws of the jurisdiction where the court opening such main insolvency proceedings is located. Main insolvency proceedings opened in one Member State under the Recast EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "center of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial proceedings in respect of such debtor only if it has an "establishment" (within the meaning and as defined in Article 2(10) of the Recast EU Insolvency Regulation) in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries on, or has (in the three months prior to the request to open main insolvency proceedings) carried on, non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open proceedings in respect of the Issuer, such subsidiary or Subsidiary Guarantor under the EU Insolvency Regulation.

Where main proceedings have been opened in the Member State in which the company has its center of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "insolvency proceedings" listed in Annex A of the Recast EU Insolvency Regulation. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of either (i) a creditor whose claim arises from the operation of the establishment or (ii) a public authority which, under the law of the Member State within whose territory the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed by the lex fori concursus, i.e. the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings and give the same effect to the order in the other relevant Member States so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure has been taken further to a request to open insolvency proceedings in that other Member State where the company has assets.

On June 23, 2016, the UK held a referendum to decide on the UK's membership of the EU. The UK vote was to leave the EU. The terms on which the UK will exit the EU are not certain and therefore it is not possible to know what impact any exit by the UK from the EU will have on the application of EU law including the EU Insolvency Regulation or the New EU Insolvency Regulation to, or in connection with, any insolvency proceedings (including, without limitation, the commencement of such insolvency proceedings and the jurisdiction of the UK courts to open such insolvency proceedings) to which the issuer or any guarantor may be subject.

In the event that any one or more of the Issuer, any of its subsidiaries or a Subsidiary Guarantor experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer, any of its subsidiaries and/or any Subsidiary Guarantor.

Australia

In Australia, a guarantee may be set aside or held not to be enforceable on a number of grounds.

Under Australian law, if a liquidator were to be appointed to any Guarantor incorporated under the laws of Australia, the liquidator has the power to investigate past transactions entered into by that entity and may seek various court orders, including orders to void certain transactions entered into prior to the liquidation of such Guarantor. These transactions are known as "voidable transactions" and include transactions that are regarded as:

- unfair preferences: a transaction which resulted in an unsecured creditor receiving more than it would have in a winding up of the company; or
- uncommercial transactions: a transaction where it may have been expected that a reasonable person in the company's position would not have entered into the transaction having regard to the respective benefits and detriments to the company and the respective benefits to the counterparty.

Transaction for the purposes of the voidable transaction legislation is given a wide meaning and includes a guarantee given by a body.

In both cases, a liquidator must also establish that the transaction was an insolvent transaction in that the company was insolvent at the time of entering into the transaction or became insolvent as a result of entering into such a transaction. Under Australian law, a company is insolvent when that company is unable to pay all its debts as and when they become due and payable.

There are various time periods within which a liquidator can take such action depending on the nature of the transaction being challenged and the parties involved.

There are a number of statutory defences available to a counterparty to a voidable transaction claim by a liquidator.

Under Australian law, a guarantee given by a company may also be set aside on a number of other grounds. For example, a guarantee may be unenforceable against a guarantor if the directors of the guarantor did not comply with their duties to act in good faith for the benefit of the guarantor and for a proper purpose in giving the guarantee. The issue is particularly relevant where a company provides a guarantee in relation to the obligations of another member of its corporate family, as is the case for the guarantees given by the Guarantors incorporated under the laws of Australia with respect to the Notes. In determining whether there is sufficient benefit, all relevant facts and circumstances of the transaction need to be considered by the directors, including the benefits and detriments to the Guarantor in giving the guarantee, and the respective benefits to the other parties involved in the transaction.

Whether a guarantee entered into in breach of directors' duties can be avoided against a party relying on the guarantee depends on certain factors, including the state of knowledge of that party, and whether the party knew of or suspected the breach. Under Australian law, a person is entitled to assume that the directors have properly performed their duties to the company unless that person knows or suspects that the assumption is incorrect.

In addition, other debts and liabilities of the Guarantors incorporated under the laws of Australia and the Issuer, such as certain employee entitlements, may rank ahead of claims under the guarantees in the event of insolvency.

If any of the Guarantees are avoided, it is possible that noteholders would be left with a claim solely against the Issuer.

For other limitations, see "Description of the Notes—Limitation of Guarantees."

Greece

Limitation on Enforcement

Downstream Guarantees

Depending on the legal representation of the guarantor, the granting of a downstream guarantee may require a relevant Board of Directors resolution or the signature of certain executive directors of the guarantor.

Cross Guarantees

In respect of companies subject to consolidation according to Greek Law, the following conditions apply: (i) a special approval by virtue of a resolution by the general assembly of shareholders is required; (ii) permission is not granted if shareholders representing one third of the share capital represented at the meeting oppose the decision; and

(iii) permission may be granted following the conclusion of the contract unless shareholders representing one twentieth of the share capital represented at the meeting oppose the decision.

In respect of companies not subject to consolidation according to Greek Law, pursuant to article 23a§1b of C.L. 2190/1920, the granting of cross guarantees is permitted only subject to the following conditions: (i) the guarantee serves the company's interest, (ii) the company has legal recourse against the principal debtor or the person in favor of whom the security is granted, (iii) it is stipulated that the persons in favor of which the guarantee is granted will be satisfied only after the full payment or the consent of all creditors with claims that had already been established at the time of the publication of the decision of the General Meeting pursuant to article 7b of C.L. 2190/1920; and (iv) a permission of the General Meeting has been previously granted, which permission is not granted if shareholders representing one tenth of the share capital represented at the meeting or one twentieth, in case the company has shares listed on the stock exchange, oppose the decision.

In cases where a guarantee is granted between group companies including a foreign company and, in particular, where a subsidiary or to another affiliated company granting a guarantee to a Greek parent company has its registered seat abroad, the law of the registered seat (*lex societatis*) of the subsidiary guarantor should be applied since the interests of the minority shareholders and the creditors of the subsidiary must be protected. Article 23a of C.L. 2190/1920 is not a rule of direct applicability and, therefore, in principle will not apply to guarantees granted by non-Greek companies.

Insolvency

1. Insolvency proceedings (regulated by the Greek Bankruptcy Code—Law 3588/2007 as amended) are applicable to business of either individuals or legal entities aiming at an economic objective. Under Greek law, incorporated partnerships, whether limited or unlimited, as well as limited liability companies and *sociétés anonymes* are deemed to be aiming at an economic objective and are therefore eligible to be declared insolvent. Insolvency may be declared in respect of a debtor that is unable to fulfil its overdue financial obligations in a general and permanent way (or, in other terms, where a debtor is in a situation of cessation of payments). A threatened (impending) default, which is defined as the expectation that the debtor will not have the financial capability to meet the claims against it when such claims become due, also constitutes grounds for the declaration of insolvency, when requested by the debtor. Furthermore, likelihood of insolvency constitutes grounds for the declaration of insolvency when requested by the debtor and subject to the latter together with attached to the bankruptcy petition a restructuring plan pursuant to articles 107 et seq. of the Greek Bankruptcy Code).

Insolvency proceedings may be opened only by a decision of a competent court pursuant to an application filed by the debtor, or at the initiative of any of its creditors or the public prosecutor. After the filing of the application for the declaration of the debtor's insolvency, the President of the competent Court, upon the application of anyone having a legitimate interest, and until the decision on the application for the declaration of insolvency is published, can order any measure he considers necessary to prevent every harmful, for the creditors, change to the debtor's estate or a reduction in its value. The President of the Court can (inter alia) forbid any disposal of assets by the debtor, order the stay of creditors' individual actions and/or appoint a trustee. The measures that are ordered cease ipso jure with the issuance of the court's decision over the application for the declaration of the insolvency.

By virtue of its decision accepting the insolvency application and formally opening the insolvency proceedings, a liquidator—bankruptcy trustee (*syndikos*) is appointed and orders the sealing of the insolvency estate. The insolvency proceedings are supervised by a Judge (Judge-Rapporteur—*Isigitis)* appointed by the Court's decision. Furthermore, the court's decision specifies the date of the cessation of payments, which cannot be more than two years prior to the date of the declaration of the insolvency. In case insolvency is declared under the debtor's request due to a threatened default or due to likelihood of insolvency, the date of the cessation of payments is considered to be the date of publication of the decision declaring the insolvency.

The period extending from the date specified by the court as the date of the cessation of payments until the date of the declaration of the insolvency is called *période suspecte* (suspect period "ypopti periodos"). Acts of the debtor conducted within the suspect period and which are detrimental to the group of creditors must or may be cancelled (depending the case) by the liquidator, subject to "claw-back" and the conditions below.

The following acts are considered detrimental and must be cancelled: (i) donations and gratuitous transactions in general, as well as those in which the consideration that the debtor received was disproportionately smaller than his dispensation; (ii) payments of non-due debts; (iii) payments of due and payable debts by other means and not in cash or as per the agreed consideration; and (iv) creation of security *in rem*, including the registration of pre-notation of mortgage or the granting of pledges or other securities of a contractual nature for pre-existing obligations, for which the debtor had not assumed a corresponding obligation to provide security, or for securing new obligations that were assumed by the debtor so as to replace those that pre-existed.

The following acts are considered detrimental and may be cancelled: (i) bilateral acts by the debtor or payment by him of his matured debts made after the cessation of payments and before the declaration of his insolvency may be revoked if the counterparty, at the time the act was conducted, was aware that the debtor had ceased payments and that the act was detrimental for the creditors group; (ii) the knowledge of the counterparty is presumed, if during the conduct of the act it was the debtor's spouse or a blood relative up to a third degree or by marriage up to a second degree or a person with whom the debtor was living together the last year before the conduct of the act. For legal entities that are counterparties the presumption of knowledge applies if, at the time of the transaction in question, they had the capacity of a founder or director or manager. In case the debtor is a legal entity, the knowledge of the counterparty is presumed for persons or legal entities connected to the debtor according to article 32 of Law 4308/2014 (i.e. in case the person or entity is a shareholder with controlling interest or has the power to control the debtor's BoD, etc.). The presumption no longer applies if the transaction is challenged before the court after the lapse of a year from the declaration of insolvency.

Acts of the debtor made within the last five years preceding the declaration of insolvency, with intent to harm the creditors or to benefit others, are annulled if the counterparty had knowledge of the debtor's malicious intent at the time of conclusion of the transaction in question.

The following transactions are not cancelled: (i) ordinary transactions of the professional or business activities of the debtor performed under ordinary conditions and within the limits of the ordinary course of business; (ii) transactions of the debtor which the law specifically excludes from the application of the rules on annulment, invalidity or nullity of acts performed during the suspect period; (iii) transactions performed by the debtor during the process of performing the reorganization plan in case of returning to liquidation due to an inability to perform the plan; (iv) grants of the debtor for which the counter party paid immediately an equivalent consideration in cash; and (v) acts that took place with the agreement or in execution of the "rehabilitation" agreement (see below).

Once insolvency is declared by the court, a company is deemed to be automatically dissolved. The corporate management bodies continue to exist over the entire duration of the insolvency proceedings in order to cooperate with the liquidator where the applicable Greek insolvency rules require the involvement and presence of the 'insolvent debtor'. However, the corporate management bodies remain responsible for the regulation of intra-company issues only, without having any authority to perform any acts of administration in connection with the insolvency estate or the legal representation of the insolvent company in its external relations, which are powers exclusively reserved for and exercised by the liquidator. Following the declaration of insolvency, the company is automatically deprived of the administration (management and disposal) of its property, which is instead exercised by the liquidator. Accordingly, after the declaration of insolvency, any acts of management or assets belonging to the insolvency estate by or towards the insolvent company and without the involvement of the liquidator shall be null and void. In principle, all contracts which are binding on the insolvent company shall remain in force, unless it is otherwise decided by the liquidator (only in cases of pending bilateral onerous contracts) and except where it is otherwise provided under applicable Greek insolvency rules or the contracts' provisions (where applicable).

In particular, "continuous contracts," which are contracts of a continued character such as the contract of guarantee, maintain their force, unless the law provides otherwise, i.e. the liquidator cannot decide not to honor them and the bankruptcy does not entail ipso facto, the dissolution of the contract, unless otherwise provided by special provisions of the law (e.g. in leasing contracts); however if the parties have included in a continuous contract a clause providing that bankruptcy constitutes a material reason for termination (not ipso facto), such a provision is binding and enforceable.

Exceptionally, financial contracts of continued character, such as contracts for the provision of banking, credit, investment and insurance services can be terminated or amended ipso facto, as a result of bankruptcy, following the performance of specific contractual insolvency clauses included in the financial contracts as well.

Regarding the contract of guarantee in particular, the insolvency of the guarantor does not affect the rights of the creditor against the principal debtor. Likewise, the insolvency of the principal debtor does not affect the rights of the creditor against the guarantor.

Any and all individual legal measures which are employed or pursued against the debtor by its creditors for the satisfaction or fulfilment of insolvency claims are automatically suspended as a result of the declaration of insolvency. In particular, it is prohibited under penalty of absolute nullity to initiate or continue any enforcement procedures as well as to file any new lawsuits or continue any (pending) litigation against the insolvent debtor in connection with the insolvency estate. In view of such prohibition, the debtor company's creditors are able to seek satisfaction or fulfilment of their claims against the insolvent company only by participating in the procedure of establishment of any entitlements to be collected. However, the above prohibition does not apply, by explicit exception, in the case of creditors the claims of which have been secured by specific privilege or security *in rem* on specific assets belonging to the insolvency estate. The suspension of individual legal measures/pursuits, where applicable as per the above, shall last from the time of the publication of the court decision declaring the insolvency until any actual revocation of such court decision, or the termination of the insolvency under any of the methods prescribed under the applicable rules, in which cases the debtor company's creditors may recover and re-launch their individual actions.

Insolvency proceedings shall be terminated pursuant to (i) the adoption and court ratification of a 'restructuring plan' (as described below), (ii) the sale of the insolvency estate, (iii) the cessation of insolvency operations, either by decision of the insolvency court due to the insolvency estate's lack of sufficient assets to cover the costs of the insolvency proceedings, or automatically, where the maximum time allowed under the law to conclude the insolvency proceedings has lapsed (after the lapse of ten years as of the establishment of the union of creditors and in any event after the lapse of 15 years as of the declaration of the insolvency) or in case all bankruptcy claims (including interest until the declaration of the bankruptcy) have been fully paid up. The "creditors' union" is defined as the stage of the insolvency proceedings where the creditors, following the verification of their claims, form the particular group in favor of which the liquidator performs the liquidation of the insolvency estate and the distribution of the proceeds of such liquidation.

2. The rescue of the debtor company's business, the distribution of the company's assets and its liability following the conclusion of the insolvency proceedings may be subject to regulation on the basis of a Restructuring (reorganization) Plan (*Shedio Anadiorganosis*) to be submitted to the insolvency court by the debtor or the debtor's creditors (representing statutory majority of 60% of all claims, at least 40% of which must be secured creditors) in accordance with the applicable rules and procedures (articles 107-131 of the Greek Bankruptcy Code). The procedure allows the debtor to distribute the estate on the basis of a specific reorganization plan, thus giving an end to the (already opened) bankruptcy procedure and making fulfilment of obligations more likely. The reorganization plan is similar to the rehabilitation plan (see below), with the difference that the former takes place in the context of bankruptcy and the latter before bankruptcy.

Such restructuring plan which shall be submitted along with a chartered auditor's report essentially refers to an arrangement of a contractual nature between the debtor company and its creditors to be adopted pursuant to the observation of mandatory requirements stipulated under the applicable law (such as the requirements pertaining to the categorization of the creditors and their claims, the rights of secured creditors, etc.) and subject to court approval. The proposed restructuring plan may provide for any measure of a restructuring nature (financial, operational, or other), including the sale of the debtor's business as a going concern, simple or complex refinancing, leases and concessions, asset sales, and in general any measure that may be considered appropriate by the statutory majority of creditors to generate sufficient value to satisfy the claims of the creditors in whole or in part, as such claims are modified, in respect of their amounts, maturities and other characteristics, under the plan.

Subject to the acceptance of the statutory majority of 60% of all claims, at least 40% of which must be secured creditors, the plan is submitted to the insolvency court for ratification, no later than 20 days following the acceptance by the creditors, upon which the plan shall be binding against all creditors of the debtor's company, including any dissenting and non-participating creditors. Thereafter, the bankruptcy proceedings are terminated and, unless otherwise provided in the reorganization plan, the debtor resumes administration of its business, being bound to meet obligations undertaken on the basis of the reorganization plan.

3. Greek insolvency law moreover provides for an optional Rehabilitation Procedure (*Diadikasia Eksigiansis*—articles 99-106f of the Greek Bankruptcy Code) which is designed as a pre-insolvency procedure available to debtors either already unable to fulfill their overdue financial obligations in a general way or under threatened default or even if they are not currently or threatened to enter in a situation of cessation of payments, but do demonstrate a projected financial distress ("likelihood of insolvency"), which may be avoided through the aforementioned recovery procedure.

An application for the opening of the Rehabilitation Procedure and the concurrent ratification of the rehabilitation agreement is filed by the debtor. The rehabilitation agreement (so-called "pre-packaged") shall in turn be entered into between the debtor and a majority of creditors. This majority must hold 60% of claims, including creditors holding 40% of debt secured by security in rem or holding a special lien or a pre notation of mortgage, and then be submitted for ratification by the bankruptcy court. Creditors with claims reflecting the aforementioned threshold can only apply for rehabilitation proceedings of their debtor provided that the latter is already in a cessation of payments, i.e. is unable to meet overdue financial obligations in a general and permanent way.

The rehabilitation agreement must be concluded prior to the opening of the scheme process and should be ratified by a court decision issued upon the hearing of the debtor's or creditor's (depending the case) abovementioned application. The submission of the application may also be filed even if a petition for the declaration of bankruptcy has already been filed. In such case, the petition for the declaration of bankruptcy is examined by the court only if the latter rejects the ratification of the rehabilitation agreement. In case of a rehabilitation agreement submitted only by the creditors, (following the debtor's cessation of payments) it is compulsory for them, to submit, together with the ratification application, a petition for the declaration of bankruptcy. In case the debtor is in cessation of payments, he should file, along with the application for Rehabilitation Procedure, an application for the declaration of bankruptcy.

In general, the Rehabilitation Procedure is aimed at addressing cessation of payments or such financial distress through the negotiation of a voluntary workout with the debtor company's individual creditors. The purpose of a rehabilitation agreement is for the debtor to satisfy its creditors at least in part, while remaining operational following the ratification of the agreement. Such agreement may provide for, (inter alia) a haircut of claims, a rescheduling of payments, a debt-to-equity swap, a sale of the debtor's business or specific business divisions or specific assets or a contribution in kind to a société anonyme to be established by the creditors.

The insolvency court provided it accepts the merits and feasibility of the requested process shall ratify the rehabilitation agreement on the following conditions: (i) the debtor's business is likely to remain viable; (ii) the collective satisfaction of creditors is not impaired; (iii) the rehabilitation agreement is not the outcome of willful misconduct or other bad-faith behavior of any of the involved parties and does not contravene any mandatory law provisions, especially competition law ones; (iv) the creditors are treated equally, if of equal ranking; and (v) the debtor provides consent, in the case of an application submitted by the creditors, or fails to argue against any such application within the deadlines set by the law.

From the submission of the application for the ratification of the rehabilitation agreement until the issuance of a relevant court decision, all individual and collective enforcement actions against the debtor are automatically suspended for a maximum period of four (4) months. More specifically, all individual and collective forced execution measures, pending or not, against the debtor for the satisfaction of claims that have arisen prior to the filing of the application for the ratification of the rehabilitation agreement are automatically stayed. The granting of any conservative measure against the debtor, including conservative arrest and the prenotation of mortgage, uncontested or contested, is suspended for the above duration, unless such measures purport to prevent the expulsion or removal or movement of movable assets of the business, its technical or general equipment which has not been agreed and which entails the risk of disdaining the debtors' business. Such suspension is available only once per debtor. Following the above mentioned 4-month period a new moratorium may be imposed under the same conditions following an application to that effect by anyone having a legal interest.

The aforementioned stay results, ipso jure, in the prohibition of the disposal of the real property and equipment of the debtor's business.

Additionally, the insolvency court may, following an application by any party having a legal interest, order any additional measure it considers necessary to prevent every harmful, for the creditors, change to the debtor's estate or a reduction in its value. For important business or social reasons, such moratorium may also be extended in favor of guarantors.

Such provisional protective measures may not affect financial collateral agreements and close-out netting clauses pursuant to Law 3301/2004 or from a closed-out netting clause in the meaning of the same provision, irrespective of whether the close-out netting clause is contained in an agreement for the granting of financial collateral or in an agreement, to which the agreement for the provision of collateral agreement forms part. In addition, the right to terminate and surrender the leased property in the event of a lease agreement is not affected, provided that the debtor is in arrears for six (6) or more monthly lease payments. The court can order the preservation of the necessary employment positions until ratification or rejection of the rehabilitation agreement.

A stay may also be imposed even before the submission of the application for the ratification of the rehabilitation agreement, following an application by the debtor or a creditor provided that the request for pre-application moratorium is accompanied by a written declaration of support signed by creditors representing at least 20% of claims and there is an urgent situation or an imminent danger. Such a moratorium is valid until the application for the ratification of the rehabilitation agreement and up to a maximum period of four (4) months.

As of its ratification by the Court, the rehabilitation agreement binds all creditors whose claims are restructured under it, even if they are not contracting parties or did not vote in favor of the rehabilitation agreement. Creditors whose claims arose after the opening of the rehabilitation procedure are not bound. The rights of creditors against guarantors and co-debtors jointly and severally liable with the debtor, as well as their existing rights in third party property assets, are limited to the same amount of the claim against the debtor, unless the creditor does not consent. By way of exception, when the secured creditor does not consent, the guarantor's liability is limited when the guarantor is a natural person connected with the debtor in the sense that they are spouses, blood relatives or relatives by marriage of up to second degree. In case a creditor is satisfied by a guarantor or co-debtor jointly and severally liable, the debtor is liable towards the latter, if there is a right of recourse, in the same manner that he is liable under the agreement towards the creditor who was satisfied by them. The guarantees of the Greek State in favor of credit institutions maintain their validity and are limited, provided that the creditor consents, to the amount of the claims in favor of which they were granted, as these are restructured by the agreement.

In case the debtor, being a legal entity, has entered into a situation of cessation of payments and for the implementation of provisions of the rehabilitation agreement a resolution of the general assemply of the shareholders or partners is needed, the bankruptcy court, along with the issuance of the ratification decision, may appoint a special representative, authorized to exercise the voting rights of the shareholders or partners, that do not contribute to (vote for or against) the issuance of such resolution at the assembly, provided that the court foresees that in case of liquidation of the debtor, such shareholders or partners will not participate in the respective proceed. The non-contributing shareholders or partners are entitled to compensation from the company or the creditors in case it is proved in the context of a cognizance dispute that the shareholders would participate in the proceeds. In any other case if one or more shareholders or partners declare that they will not participate in the general assembly or will not vote for the respective resolution, the bankruptcy court, in case it considers such action abusive may (through an interim measure procedure following a respective petition by the debtor or a creditor) appoint a special representative authorized to convene the general assembly and exercise the voting rights on behalf of these shareholders or partners.

4. Although not stricto sensu an insolvency procedure and not provided in the Bankruptcy Code, a special administration procedure is available and is provided in articles 68-77 of Law 4307/2014. It may be applied for any natural or legal person that is eligible for bankruptcy, has its registered seat or domicile in Greece and is in a cessation of payments.

For a debtor to be submitted in this procedure, a petition has to be filed before the competent court by the debtor's creditors representing at least 40% of the total amount of claims, among which at least one creditor should be a credit institution or leasing or factoring company which are supervised by the Bank of Greece. A declaration of acceptance by the person or legal entity suggested in the application as special administrator of the administration procedure should be co-submitted. Pending petitions regarding the opening of a rehabilitation process for the debtor or its declaration into bankruptcy or special liquidation are automatically suspended upon filing the special administration petition with the competent court. This means that the opening of a rehabilitation process for the same debtor or the debtor's declaration into bankruptcy or special liquidation is not possible until the acceptance or rejection of the petition for the initiation of special administration proceedings.

The court may, following an application by anyone having a legal interest, order any proactive measures it considers necessary to prevent every harmful, for the interest of creditors, change to the debtor's estate or a reduction in its value.

If the application is accepted by the court, a special administrator is appointed for a period of twelve (12) months and all individual enforcement actions against the debtor, including the administrative enforcement measures that are available to state authorities, are automatically suspended for as long as the special administration procedure is open.

The special administrator proceeds to a public tender (on the basis of the "highest offer price") with regards to the sale of the business assets (either as a whole or by division or any functional parts thereof), which will then be ratified by the competent court provided that all legal requirements are met. The creditors are expected to submit their claims following a relevant invitation by the special administrator and the sale consideration paid by the purchaser(s) is distributed to such announced creditors according to a ranking list created by the special administrator as described under the Greek Bankruptcy Code.

The special administrator will decide on whether the liquidation amount is adequate for all the debtor's creditors. If the administrator is of the view that this amount does not suffice, then the administrator is obliged to file a petition with the bankruptcy court for the debtor to be declared bankrupt.

The special administration procedure expires if the disposal of minimum 90% of the debtor's assets, in terms of accounting value, has not been concluded within twelve (12) months from the publication of the court's decision to open the special administration procedure. In this case, the administrator is obliged to file a petition with the bankruptcy court for the debtor to be declared bankrupt.

5. New Extrajudicial Debt Settlement Mechanism—Law 4469/2017

On August 3, 2017, Law 4469/2017 on the extrajudicial debt settlement mechanism, known as "Out of the Court Workout (OCW)" entered into force. The new law allows the extrajudicial settlement of amounts due by a debtor to any creditor by submitting an online application before the Special Secretariat of Private Debt Management (the *EGDIX*) until 31.12.2018 via a special electronic platform held in the EGDIX's official website. The proceeding may be also initiated by the creditors (Greek state, Social Security Funds, Public Law Legal Entities or financial institutions) by inviting in writing the debtor to be submitted to the new law. The new extrajudicial debt settlement process does not apply to debt obligations born after 31/12/2016.

Any natural person who may be declared bankrupt and any legal entity with income deriving from its business activities being a Greek tax resident may be subject to the provisions of Law 4469/2017 and is entitled to file the relevant application provided that a) its debt obligations are overdue on 31.12.2016 and exceed in value the amount of €20,000; b) the nature of the debt contemplates either (i) debt towards financial institutions deriving from loans or credits in excess of ninety (90) days past due; or (ii) overdue debt obligations to tax authorities or social security funds or public law legal entities; or (iii) debt obligations to third parties provided that they have been a subject of judicial rulings or payment orders, or arise from bounced cheques; and c) the business has either a positive EBITDA or a positive net equity during at least one of last three fiscal years prior to the filing of the application.

With respect to any person not falling within the subjective scope of this law (self-employed individuals such as attorneys, doctors etc. who may not be declared bankrupt), in relation to debts to the Greek State and the Social Security Funds, although this person may fall under the provisions of art. 15 par. 21 of the said law which provides for the Greek

State and the Social Security Funds to propose to such debtor relevant debt settlement solutions similar to the ones contemplated under this law, such option is subject to further ministerial enactments.

Following the submission, EGDIX appoints a coordinator who is in charge of bringing the debtor in contact with its creditors and of supervising the overall proceeding of the debt restructuring. In particular, once the coordinator ascertains the completeness of the application, it notifies the latter to the debtor's creditors. The coordinator's notification signifies the suspension of (a) the application of the Bank Code of Conduct (established by virtue of Law 4224/2013); and (b) any, individual or collective, enforcement measures, pending or not, against the debtor in relation to the claims the settlement of which is requested as well as of any interim measure against the debtor (including the establishment of a prenotation of mortgage), for a period of 70 days from the notification.

Following negotiations, which commence once a creditors' quorum representing at least 50% of the total claims against the debtor is ascertained by the coordinator, and relevant counter-offers, a debt settlement agreement shall be reached subject to: (a) the debtor's consent; and (b) a voting majority of $^{3}/_{5}$ of the participating creditors, including a $^{2}/_{5}$ of the participating secured creditors (the "*Settlement Agreement*").

Provided that the Settlement Agreement does not contemplate the debt settlement against debts to the Greek State and the Social Security Funds, the parties are free to determine the content of the Settlement Agreement (shifting of payment dates, interest rate reduction, payments in installments write-off, capitalization, grace periods, etc.) subject to the following three (3) mandatory rules: (i) no-creditors- worse-off principle (the level of creditors' satisfaction should not be lower to the one anticipated in the event of the liquidation of the debtor's assets); (ii) Satisfaction on a *pari passu* basis of any amount reflecting the debtor's ability to satisfy its obligations to the extent exceeding the liquidation value of the debtor's assets; and (iii) pre-deduction from creditors' claims of (a) the total amount of default interest of the private sector creditors; (b) 95% of Greek State's claims arising from fines imposed by the tax administration and (c) 85% of claims of the Greek State and the Social Security Funds arising from surcharges or late payment interests.

With no prejudice to the mandatory rules outlined above, the Greek State and the Social Security Fund may proceed with the debt settlement including the possibility of a partial write-off, along the following additional mandatory rules: (i) The payment of the debt shall not exceed one hundred and twenty (120) instalments; (ii) Debt payments shall be on a monthly basis (no longer time periods are allowed); (iii) The value of monthly instalments shall be at least €50; (iv) No grace period is provided; (v) finally, only cash payments are allowed. With no prejudice to the mandatory rules outlined above, both the Greek State and Social Security Funds may proceed with a debt settlement including the possibility of a partial write-off, except for the write-off of withheld employees' contributions towards Social Security Funds. With respect to the number and the amount of the instalments regarding the settlement of the amounts due to the Greek state and the Social Security Funds, these are set on the basis of (a) the monthly payment capacity of the debtor; (b) the maximum duration of the settlement; and (c) the calculation of the net current value of the debtor's assets. In light of the above, ministerial Decision no. 32320/1841/11.07.2017 sets out in further detail the methodology and the criteria of determination of the number of and the amount of installments regarding the amounts due towards the Social Security Fund as well as the voting criteria of the Center of Collection of Insurance Debts (*KEAO*) acting as the Social Security Fund's proxy.

Law 4469/2017 provides for the possibility (and not the obligation) of the Settlement Agreement's judicial ratification (by means of a court ruling issued by the Multi-member court of First Instance on the basis of ex parte proceedings). The judicial ratification is required in order for the Settlement Agreement to legally bind the non-contracting creditors. The court decision ratifying the Settlement Agreement constitutes an *ex lege* enforcement title.

Finally, Law 4469/2017 explicitly sets out the consequences and measures applicable in case of non-compliance with the Settlement Agreement. In brief, in the event of non-payment of the debtor for a time period longer than ninety (90) days, any creditor may file an annulment petition before the court. Upon annulment, all claims revive while the Settlement Agreement's annulment constitutes a refutable presumption of the debtor's cessation of payments. Whereas, a Settlement Agreement with the Greek State/Social Security Funds is automatically revoked in case of (a) non-payment (or partial payment) of three (3) instalments; (b) failure to submit the required income tax and VAT statements within three (3) months from the lapse of their submission deadline; and (c) failure to pay or settle any subsequent debt obligations born after 31.12.2016 within ninety (90) days from the enactment or the ratification of the Settlement Agreement or, in case such debt obligations became due following the enactment or the ratification of the Settlement Agreement, within sixty (60) days from the payment time due.

Cyprus

Certain Subsidiary Guarantors are companies incorporated under the laws of Cyprus. Subject to the qualifications set out below, the commencement of insolvency proceedings against a Cypriot entity does not affect the validity of a guarantee granted by it, but it may affect its enforceability.

Insolvency Proceedings

Under s.203 of the Cyprus Companies Law Cap.113, there are three methods for the winding up of a company: (i) by the court, (ii) voluntary, and (iii) subject to the supervision of the court. We have emphasize the (i) court method since voluntary winding up (requiring shareholders' special resolution) and winding up subject to supervision of court (following resolution for voluntary winding up) are less likely scenarios for the purposes of this Listing Prospectus. Any debts/liabilities of the Company being wound up shall be indicated in the relevant declaration of solvency and need to be satisfied within the period specified in the said declaration.

When a winding up is initiated using any one of the three options above, any agreement in place prior to winding up is valid. However, the enforceability of such an agreement may be affected and is subject to applicable laws and procedures.

Under Cyprus Companies Law, in a winding up of a company by the Court, any disposition of the property of the company, including things in action made after the commencement of the winding up, shall, unless the Court otherwise orders, be void. Where a company is being wound up by the Court, any attachment, sequestration, distress, or execution put in force against the estate or effects of the company after the commencement of the winding up shall be void to all intents. When a winding up order has been made or a provisional liquidator has been appointed in respect of a company, no action or proceeding shall be proceeded with or commenced against the company except by leave of the Court and subject to such terms as the Court may impose.

The liquidator may, among other things, and with the sanction either of the Court or the committee of inspection, make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, certain or contingent, ascertained or sounding only in damages against the Issuer, or whereby the Issuer may be rendered liable. Further, any conveyance or assignment by a company of all its property to trustees for the benefit of all its creditors shall be void to all intents.

Under Cyprus Companies Law, the liquidator is entitled to disclaim any unprofitable contracts, with the leave of the Court, at any time within 12 months after the commencement of the insolvency proceedings or such further period as may be allowed by the Court. The liquidator shall not be entitled to disclaim in any case where an application, in writing, has been made to him, by any persons interested, requiring him to decide whether he will or will not disclaim. The liquidator shall not, within a period of 28 days after the receipt of such application or such further period as may be allowed by the Court, given notice to the applicant that he intends to, apply to the Court for leave to disclaim. If the liquidator, after such an application as aforesaid, does not within the said period or further period as may be allowed by the Court, disclaim the contract, the company shall be deemed to have adopted it.

Under Cyprus Companies Law, the Court may, on the application of any person who, as against the liquidator, is entitled to the benefit or subject to the burden of a contract made with the company, make an order rescinding the contract on such terms as to payment by or to either party of damages for the non-performance of the contract, or otherwise as the Court thinks just, and any damages payable under the order to any such person may be proved by him as a debt in the winding up.

Where a Cypriot company is wound up, a floating charge on the undertaking or property of the company created within 12 months of the commencement of the winding up shall, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid, except to the amount of any cash paid to the company at the time of or subsequently to the creation of and in consideration for, the charge, together with the prescribed interest on that amount.

EC Regulation no. 1346/2000 of May 29, 2000 on Insolvency Proceedings (the "Insolvency Regulation"), which is applicable in Cyprus, provides that the courts of the EU Member State where the centre of main interests of the debtor is situated, shall have jurisdiction to open the main insolvency proceedings.

The "centre of main interests" should correspond to the place where the debtor conducts the administration of his interests on a regular basis and is therefore, ascertainable by third parties. In the case of a company or a legal person, the centre of main interests shall be presumed to be the place of registered office, management or control, in the absence of proof to the contrary.

The main insolvency proceedings have universal scope and aim at encompassing all the debtor's assets.

The Insolvency Regulation provides that secondary insolvency proceedings may be opened and run in parallel with the main insolvency proceedings, in the Member State where the debtor has an establishment. The effects of the secondary proceedings are limited to the assets located in that Member State.

The effects of insolvency proceedings on lawsuits pending concerning an asset or a right of which the debtor has been divested shall be governed, provided there is no conflict of laws to this effect, solely by the law of the Member State in which the lawsuit is pending.

Any judgment opening insolvency proceedings shall be recognized in all other Member States, subject to certain procedures to this effect being followed, from the time that it becomes effective in the state of the opening of the proceedings. Recognition of the main insolvency proceedings shall not preclude, but may still limit or otherwise affect, the opening of secondary insolvency proceedings by a court in another Member State.

The judgment of the main insolvency proceedings shall with no further formalities produce the same effects in any other Member State as under this law of the State of opening of the main insolvency proceedings as long as no secondary insolvency proceedings are opened in that other Member State.

The effects of the secondary insolvency proceedings may not be challenged in other Member States, provided there is no conflict of laws or procedures to this effect. Any restriction on the creditors' rights, in particular a stay or discharge, shall produce effects *vis-à-vis* assets situated within the territory of another Member State only in the case of those creditors who have given their consent.

Fraudulent Preference

Under the Cyprus Companies Law, any conveyance, charge, mortgage, delivery of goods, payment, execution or other act relating to property made by or against a Cypriot company within six months before the commencement of its winding up by a court shall be deemed a fraudulent preference in respect of its creditors and be invalid. For a transaction to constitute a fraudulent preference, it must appear that the transaction took place within the six months prior to the commencement of the company's winding up, that the dominant or substantial motive in the mind of the company, acting through its directors, was to prefer a particular creditor over other creditors, and be the voluntary act of the company. If these requirements are satisfied the transaction will be deemed to be fraudulent regardless of whether any moral blame attaches to the company. The risks of a transaction being invalidated as a fraudulent preference are increased where the transactions are made without any consideration, if there is pressure from the creditor seeking to be preferred, or the transaction is not commercially beneficial to the company. If the company is being wound up, the payment or other transaction, if made within the six months prior to the commencement of the winding up, would be challenged as fraudulent and unenforceable, and the liquidator may seek to invalidate the transaction and recover the payment made to the preferred creditor.

Germany

Insolvency

In the event of insolvency of a Subsidiary Guarantor organized under the laws of Germany and/or having its centre of main interests in Germany (together, the "German Subsidiary Guarantors") subject to the statements made above under the heading "European Union," any main insolvency proceedings would most likely be initiated in Germany. Such proceedings would then be governed by German law. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors, the ability to obtain post-petition interest as well as security interests and the duration of the insolvency proceedings, and hence may limit the ability of creditors to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court ex officio, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of illiquidity (*Zahlungsunfähigkeit*), meaning that the debtor is unable to pay its debts as and when they fall due. According to the relevant provision of the German Insolvency Code, a debtor is not considered over-indebted when its liabilities exceed the value of its assets (based on their liquidation value) if, given the circumstances, it is more likely than not that the debtor's business can survive as a going concern. If a limited liability company (*Gesellschaft mit beschränkter Haftung*), a stock corporation (*Aktiengesellschaft—AG*), a European law stock corporation based in Germany (*Societas Europaea—SE*), any other limited liability company or any company not having an individual as personally liable shareholder finds itself in a situation of illiquidity and/or over-indebtedness, the managing directors of such company are obliged to file for insolvency without delay but not later than three weeks after such illiquidity and/or over-indebtedness was established. In addition, only the debtor can file for the opening of insolvency proceedings in case of impending illiquidity (*drohende Zahlungsunfähigkeit*), if there is the imminent risk for the company of being unable to pay its debts as and when they fall due, whereas impending illiquidity does not give rise to an obligation for the management of the debtor to file for insolvency proceedings.

The insolvency proceedings are controlled by the competent insolvency court which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings as far as these protective measures are reasonable to protect the debtor's assets and/or to ensure the continuation of the debtor's business.

As part of such protective measures the court may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may be, in particular, to safeguard and to preserve the debtor's property and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage and dispose of the business and assets of the debtor may pass to the preliminary insolvency administrator.

During preliminary proceedings a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*) can be set up if the debtor satisfies two of the following three requirements: a balance sheet total in excess of €6,000,000 (after deducting an equity shortfall if the debtor is over-indebted), revenues of at least €12,000,000 in the 12 months prior to the last balance sheet date and/or 50 or more employees. The preliminary creditor's committee will be able to participate in certain important insolvency court decisions. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator or an insolvency administrator (*vorläufiger Insolvenzverwalter* and *Insolvenzverwalter*), orders for "debtor in possession" proceedings (*Anordnung der Eigenverwaltung*), and appointments of preliminary trustees (*Sachwalter*).

The court orders the opening (*Eröffnungsbeschluss*) of main insolvency proceedings *(eröffnetes Insolvenzverfahren*) if certain requirements are met, in particular if (i) the debtor is in a situation of impending illiquidity (if the petition has been filed by the debtor) or illiquidity and/or over-indebted and (ii) there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets.

Upon the opening of main insolvency proceedings, the right to manage and dispose of the business and assets of the debtor passes to the insolvency administrator (*Insolvenzverwalter*), who is appointed by the insolvency court unless debtor-in-possession (*Eigenverwaltung*) is ordered. In addition, the insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseschulden*) will be preferred to any insolvency claims of unsecured creditors (this also includes such portion of a Secured Creditor's claim, in rem, which exceeds the amount obtained through a disposal of the relevant collateral).

All creditors, whether secured or unsecured (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*)), wishing to assert claims against the debtor in person need to participate in the insolvency proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Act. Any judicial enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). If, during the final month preceding the date of filing for insolvency proceedings, a creditor acquires through execution (i.e., attachment) a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon opening of the insolvency proceedings. Accordingly, unsecured creditors may file their claims in the insolvency proceedings and will be paid on a pro rata basis from the insolvency estate (to the extent sufficient assets are available). Secured creditors are not entitled to enforce their security interests after an insolvency petition has been filed to the extent the Insolvency Code authorizes the insolvency administrator to dispose of the relevant collateral (though, between the time when an insolvency petition is filed and the time when insolvency proceedings comments, such stay on enforcement requires a court order) but have only certain preferential rights (*Absonderungsrechte*) in the insolvency proceedings. Whether or not, after the initiation of insolvency proceedings, a secured creditor remains entitled to enforce security granted to it by the relevant debtor depends on the type of security. However, even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the insolvent secured creditor retains a right of preferred satisfaction with regard to the disposal proceeds. As a consequence, the enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims.

Remaining amounts ("excess proceeds") are distributed among the unsecured creditors. If a German Subsidiary Guarantor grants security over its assets to other creditors than holders of the Notes, such security may result in a preferred satisfaction of such other creditors' secured claims (however, the preferential treatment would be limited to the proceeds obtained through the disposal of the relevant collateral). The excess proceeds resulting from the disposal of collateral provided to such other creditors many not be sufficient to satisfy the claims of the holders of the Notes against a German Subsidiary Guarantor under its Subsidiary Guarantee. In addition, it may take several years before proceeds from the liquidation of the insolvency estate, if any, are distributed to unsecured creditors. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt to equity conversion if it does not consent to such debt to equity swap.

If a company faces imminent illiquidity and/or over indebtedness it may also file for preliminary "debtor in possession" proceedings. In such a case and upon request of the debtor, the court will prohibit enforcement measures (other than with respect to immoveable assets) and may implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During such period, the debtor shall, together with its creditors and a preliminary trustee (*vorläufiger Sachwalter*), prepare an insolvency plan which ideally will be implemented in formal "debtor in possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity has, from an insolvency law point of view, to be dealt with separately on an entity-by-entity basis (i.e., there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather the claims of and vis-à-vis each entity have to be dealt with separately.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors.

Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrators opt for performance.

Limitation on enforcement

Intralot Germany GmbH, being the only German Subsidiary Guarantor as of the Issue Date, is incorporated in the form of a GmbH (Limited Liability Company). Consequently, the grant of collateral (including a guarantee) by these companies is subject to certain provisions of the GmbH-Gesetz (Limited Liability Company Act).

As a general rule, sections 30 and 31 of the GmbH-Gesetz ("Sections 30 and 31") prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets (i.e., assets minus liabilities and liability reserves) is already less or would fall below the amount of its stated share capital (*Stammkapital*). The granting of guarantees, share pledges and other security by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to issue guarantees or create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries in the legal form of a GmbH or a limited liability partnership with a GmbH as its sole general partner GmbH & Co. KG incorporated or established in Germany. Pursuant to such limitation language, the beneficiaries of the guarantees or the security interests agree, subject to certain exemptions, to enforce the guarantees or the security interests against the German subsidiary only to the extent that such enforcement does not result in the GmbH's (or, in case of a GmbH & Co. KG, its general partner's) net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the Subsidiary Guarantee provided by a German Subsidiary Guarantor will contain such limitation language and the relevant Subsidiary Guarantees will be limited in the manner described.

German capital maintenance rules are subject to ongoing court decisions. Future court rulings may further limit the access of shareholders to assets of their subsidiaries constituted in the form of a GmbH or a GmbH & Co. KG, which can negatively affect the ability of the subsidiaries to make payments on the Subsidiary Guarantees, or of the beneficiaries of the Subsidiary Guarantees to enforce the Subsidiary Guarantees.

Hardening periods and fraudulent transfer

In the event of insolvency proceedings with respect to a German Subsidiary Guarantor governed by the insolvency laws of Germany, the guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

Under these rules, an insolvency administrator may challenge (*anfechten*) acts (*Rechtshandlungen*) and transactions (*Rechtsgeschäfte*) that are deemed detrimental to insolvency creditors and were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the holders of the Notes as well as granting them any security interest (including guarantees). The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the filing of the petition for commencement of insolvency proceedings. In the event such a transaction is successfully avoided, the holders of the Notes would be under an obligation to repay the amounts received or to waive the guarantee or the benefit of the security interest.

In particular, a transaction (which term includes the provision of security (including guarantees) and the repayment of debt) detrimental to the creditors of the debtor may be avoided according to the German Insolvency Act, *inter alia*, in the following cases:

- a transaction granting a creditor or enabling a creditor to obtain a security (including a guarantee) or satisfaction for a debt (*Befriedigung*) can be avoided if the transaction was effected (i) in the last three months prior to the filing of a petition for the commencement of insolvency proceedings, if at the time of the transaction the debtor was illiquid (*zahlungsunfähig*, i.e., unable to pay its debt when due) and the creditor had knowledge thereof, or (ii) after a petition for the commencement of insolvency proceedings has been filed and the creditor had knowledge thereof or of the debtor being illiquid;

- a transaction granting a creditor or enabling a creditor to obtain a security (including a guarantee) or satisfaction for a debt to which such creditor had no right, no right at the respective time or no right as to the respective manner, can be avoided if the transaction was effected in the month prior to the filing of a petition for the commencement of insolvency proceedings or after such filing; if the transaction was effected in the second or third month prior to the filing, it can be avoided if at the time of the transaction (i) the debtor was illiquid, or (ii) the creditor knew that the transaction would be detrimental to the creditors of the debtor;

- a transaction effected by the debtor which is directly detrimental to the creditors of the debtor or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against the debtor is obtained or becomes enforceable, can be avoided if the transaction was effected (i) in the last three months prior to the filing of a petition for the commencement of insolvency proceedings against the debtor, if at the time of the transaction the debtor was illiquid and the other party to the transaction had knowledge thereof or (ii) after a petition for the commencement of insolvency proceedings has been filed against the debtor and the other party to the transaction had knowledge thereof or of the debtor being illiquid;

- a transaction whereby a debtor grants a guarantee or security interest for a third-party debt might be regarded as having been granted gratuitously (*unentgeltlich*); a gratuitous transaction can be avoided if it was effected in the four years prior to the filing of a petition for the commencement of insolvency proceedings against the debtor;

- a transaction entered into by the grantor of the guarantee or security interest in the last ten years prior to the filing of a petition for commencement of insolvency proceedings or thereafter with the intent to prejudice its creditors can be avoided if the beneficiary of the transaction had knowledge of such intent at the time of the transaction;

- a transaction with respect to the claim of a shareholder for repayment of a shareholder loan (*Gesellschafterdarlehen*) or an equivalent claim can be avoided (i) in the event it provided security, if the transaction was effected in the last ten years prior to the filing of a petition for commencement of insolvency proceedings or thereafter or (ii) in the event it resulted in satisfaction, if the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter; and

- a transaction whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party can be avoided if the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter and if a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant* or *Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor (e.g., a subsidiary subject to the German insolvency laws) was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings has been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's impending illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a "related party," there is a general statutory presumption that such party had "knowledge." The term "related party" includes, subject to certain limitations, in the case of debtors that are corporate persons, members of the management or supervisory board, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and persons who are spouses, relatives or members of the household of any of the foregoing persons.

If any of the Subsidiary Guarantees by any of the German Subsidiary Guarantors were avoided or held unenforceable for any reason, a holder of the Notes would cease to have any claim or benefit in respect thereof. Any amounts received from a transaction that had been avoided would have to be repaid to the insolvent estate.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Act on Avoidance (*Anfechtungsgesetz*).

In addition, under German law, a creditor who provided additional, or extended existing, funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Luxembourg

Limitation on the Luxembourg guarantor's guarantees

The Luxembourg act dated August 10, 1915 on commercial companies, as amended (the "Companies Act 1915"), does not provide for rules governing the ability of a Luxembourg company to guarantee the indebtedness of another entity of the same group. It is generally held that within a group of companies, the corporate interest (*intérêt social*) of each individual corporate entity should, to a certain extent, be tempered by, and subordinated to, the interest of the group. A reciprocal assistance from one group company to another does not necessarily conflict with the interest of the assisting company. However, this assistance must be temporary, in proportion with the real financial means of the assisting company or have a reciprocal character. A company may give a guarantee provided the giving of the guarantee is covered by the company's corporate objects (*objet social*) and is in the corporate interest (*intérêt social*) of the company. The test regarding the guarantor's corporate interest is whether the company that provides the guarantee receives some consideration in return (such as an economic or commercial benefit) and whether the benefit is proportional to the burden of the assistance. A guarantee that substantially exceeds the guarantor company' ability to meet its obligations to the beneficiary of the guarantee and to its other creditors would expose its directors to personal liability. Furthermore, under certain circumstances, the directors of the Luxembourg company might incur criminal penalties based on the concept of misappropriation of corporate assets (article 171-1 of the Companies Act 1915). It cannot be excluded ultimately that, if the relevant transaction were to be considered as a misappropriation of corporate assets by a Luxembourg court or if it could be evidenced that the other parties to the transaction were aware of the fact that the transaction was not for the corporate benefit of the Luxembourg company, the transaction might be declared void or ineffective based on the concept of illegal cause (*cause illicite*). To mitigate these risks, the guarantees granted by a Luxembourg guarantor will be limited to a certain percentage of, among others, the relevant company's net worth (*capitaux propres*).

A guarantee granted by a Luxembourg company could, if submitted to a Luxembourg court, depending on the terms of such guarantee, possibly be construed by such court as a suretyship (*cautionnement*) and not as a first demand guarantee or an independent guarantee. Article 2012 of the Luxembourg Civil Code provides that the validity and the enforceability of a suretyship (which constitutes an accessory obligation) are subject to the validity of the underlying obligation. It follows that if the underlying obligations were invalid or challenged, it cannot be excluded that the Luxembourg guarantor would be released from its liabilities under the guarantee.

Morocco

A Moroccan Guarantor under the Indenture will not enter into any obligation or liability which if incurred would constitute (i) the provision of financial assistance within the meaning of article 280 of the law n°17-95 regarding *sociétés anonymes* and/or (ii) a misuse of corporate assets or credit within the meaning of article 384 of the law n°17-95 regarding *sociétés anonymes* or any other law having the same effect, as interpreted by Moroccan Courts.

Further Limitations on Guarantee under the Indenture

In addition, the obligations and liabilities of the Moroccan Guarantor under the Indenture shall be limited, at any time, to an amount equal to the aggregate of all amounts made available under the Notes and the Indenture to the Issuer to the extent directly or indirectly on-lent to the Moroccan Guarantor under any inter-company loan agreement or similar arrangement and which is outstanding on the date such Moroccan Guarantor's Guarantee is called, it being specified that any payment made by such Moroccan Guarantor under the Indenture in respect of the obligations of the Issuer shall reduce *pro tanto* the outstanding amount of the intercompany loans due by such Moroccan Guarantor under the intercompany loan arrangements referred to above.

In other terms, the amount of the guarantee to be granted by the Moroccan Guarantor will be limited to the amount borrowed by the Moroccan Guarantor from its parent pursuant to an intercompany loans arrangement.

General rules on enforcement of Moroccan law security documents

As a matter of Moroccan law, a security can only be enforced if the debtor has failed to meet its payment obligations under the secured liabilities.

The amount to be secured under the Indenture will be limited up to the amount of the guarantee subject to the Moroccan guarantee limitation set out above.

Corporate insolvency proceedings

Under Articles 653 *et seq* of the Commercial Code, enforcement of security interests is stayed upon the opening of rehabilitation (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings. Under Article 555 of the Commercial Code, a conciliator (*conciliateur*) appointed under a conciliation proceeding (*procédure de conciliation*) may also request from the competent court a stay on the enforcement of security for the duration of the proceedings.

The opening of rehabilitation proceedings does not, itself, terminate contracts or extinguish rights. In addition, a contract may not provide for its termination only by reason of insolvency. Only the administrator (*syndic*) can (pursuant to its own assessment of the debtor's interests) elect either to continue or to terminate "existing contracts" (*contrats en cours*).

Following a declaration of insolvency, counterparties of the insolvent entity are entitled to invite the administrator to exercise its discretion to continue or terminate contracts to which the insolvent entity is party. The contract will be deemed terminated if the administrator does not respond to this formal invitation within a month.

The rights of the creditors of the insolvent debtor are therefore restricted, *inter alia*, as follows:

- the payment of debts incurred prior to the insolvency judgment is prohibited, except in limited cases; court actions for payment initiated prior to the judgment commencing the procedure can only aim at liquidating the amount of the debt;

- security given for pre-existing debt is automatically void and there is no defence for creditors. There is a suspect period (*période suspecte*) which lasts 18 months, but the debtor must be actually insolvent when the security is granted;

- the commencement of insolvency proceedings freezes enforcement of security, with only limited exceptions;

- contractual clauses providing for automatic termination or acceleration of the contract in the event of insolvency proceedings are ineffective;

- contracts cannot be terminated for reasons originating prior to the judgment starting the procedure; and

- creditors must file a statement of their claims against the debtor.

Secured creditors after the observation period

If the court orders the sale of the business (including the secured assets), the court will apportion, part of the sale proceeds towards the satisfaction of the secured debt.

However, the secured creditors' claim to the sale proceeds will be subordinated to the claims of certain prior ranking creditors, being the Moroccan State (in respect of taxes), employees and preferred creditors.

Moroccan insolvency law considerations

In general, Moroccan reorganization or liquidation legislation favors the continuation of a business and protection of employment over the payment of creditors. The following is a general discussion of insolvency proceedings governed by Moroccan law for information purposes only and does not address all the Moroccan law considerations that may be relevant to creditors.

(a) Grace periods

Pursuant to Article 243 of the Moroccan civil code *(Dahir des Obligations et des Contrats)*, Moroccan courts may, in any civil proceeding involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule the payment dates of payment obligations over a moderate period of time. If a court order under Article 243 of the Moroccan civil code is made, it will suspend any pending enforcement measures.

(b) Conciliation proceedings

A company, or the president of the court, may initiate conciliation proceedings (*procédure de règlement amiable*), provided that the company (i) is able to pay its due debts out of its available assets and (ii) experiences legal, economic or financial difficulties or needs which cannot be covered by available financing to the company. The competent court will appoint a conciliator to help the company reach an agreement with its creditors for reducing or rescheduling its indebtedness and favor the continuation of the company as a going concern. This agreement is approved (*homologué*) by the court if an agreement is reached with all the creditors and may be approved by the court if an agreement is reached with the main creditors.

Under Article 555 of the Commercial Code, a conciliator appointed under a conciliation proceedings (*procédure de conciliation*) may, after consultation with the main creditors of the company, also request from the competent court a stay on the enforcement of security for the duration of the proceedings.

Any agreement with the conciliator suspends for the duration of the agreement any action in justice, individual action against the debtor company.

In case of breach of the undertakings resulting from the agreement, the court terminates the agreement.

(c) Judicial reorganization or liquidation proceedings

Judicial reorganization or liquidation proceedings (*redressement or liquidation judiciaire*) may be initiated against or by a company if it cannot pay its debts as they come due out of its available assets (i.e., it is in *cessation des paiements*). The company is required to petition for insolvency proceedings within 15 days of falling into *cessation des paiements*. If it does not, *de jure* managers (including directors) and, as the case may be, *de facto* managers are subject to civil liability.

The date of *cessation des paiements* is deemed to be the date of the court order commencing proceedings, unless the court sets an earlier date, which may be up to 18 months before the date of the court order. The date of the *cessation* *des paiements* marks the beginning of a "suspect period" pursuant to which certain transactions entered into during such period may be void or voidable.

Void transactions include transactions or payments entered into during the suspect period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no or nominal consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, security granted for debts previously incurred, provisional measures, unless the right of attachment or seizure predates the date of suspension of payments.

The court order commencing the proceedings may order either the liquidation or the reorganization of the company. In the event of reorganization, an administrator appointed by the court investigates the business of the company during an initial observation period, which may last up to four months (renewable), and makes proposals for either the reorganization of the company (by helping the debtor to elaborate a reorganization plan), or the sale of the business or the liquidation of the company. At any time during this observation period, the court can order the liquidation of the company. At the end of the observation period, the outcome of the proceedings is decided by the court.

(d) Status of creditors during judicial reorganization proceedings or judicial liquidation proceedings

As a general rule, creditors domiciled in Morocco whose debts arose prior to the commencement of the proceedings must file a claim with the administrator within two months of the publication of the court order in the BO (*Bulletin Officiel)*; this period is extended to four months for creditors domiciled outside Morocco. Creditors who have not submitted their claims during the relevant period are barred from receiving distributions made in accordance with the proceedings. Employees are not subject to such limits and are preferential creditors under Moroccan law.

Subject to limited exceptions, from the date of the court order commencing the proceedings, the company is prohibited from paying debts outstanding prior to that date and its creditors may not pursue any legal action against the company with respect to any claim arising prior to that date. There is a general stay on the enforcement of security interests granted by the debtor following the opening of reorganization proceedings, except under certain narrowly restricted conditions and subject to judicial appreciation.

Contractual provisions such as those contained in the Indenture that would accelerate the payment of obligations of the Moroccan Guarantor upon the occurrence of (i) the opening of judicial reorganization or other insolvency proceedings or (ii) a state of *cessation des paiements* are not enforceable under Moroccan law. The opening of liquidation proceedings, however, automatically accelerates the maturity of all of a company's obligations unless the continued operation of the business with a view to the adoption of a "plan of sale of the business" (*plan de cession*) is ordered by the court in which case the acceleration of the obligations will only occur on the date of the court decision adopting the "plan of sale of the business" or on the date on which the continued operation of the business ends.

If the court adopts a reorganization plan, claims of creditors who have accepted the plan will be paid according to the plan. With respect to creditors who have not accepted the proposals made by the administrator and the company, the court can decide to reschedule the payment of their claims. Secured creditors are subject to the maturity dates of a reorganization plan, and they cannot enforce their security interests during the execution stage of the plan. The court can also set a time period during which the assets that it deems necessary to the continuation of the business of the debtor may not be sold without its consent.

If the court adopts a "plan of sale of the business" (*plan de cession*), the proceeds of the sale will be allocated to the payment of creditors according to their ranking. In particular, employees, officials appointed by the insolvency court, post-petition creditors and the Moroccan treasury are given priority.

If the court decides to order the judicial liquidation of the company, the court will appoint a liquidator who shall sell the assets of the company and settle the relevant debts. In the event of liquidation proceedings, secured creditors may, after filing a proof of claims, exercise their rights of action if the liquidator does not proceed with the liquidation of the secured assets within a period of three months following the opening of the proceedings.

The Netherlands

Insolvency

Four of the Subsidiary Guarantors, Intralot Global Holdings B.V., Intralot Global Securities B.V., Intralot Italian Investments B.V. and Intralot Nederland B.V., are organized under the laws of the Netherlands (the "Dutch Guarantors"). Where a Dutch Guarantor has its "centre of main interests" or an "establishment" (both terms as defined in the New EU Insolvency Regulation) in the Netherlands, it can be subjected to insolvency proceedings in this jurisdiction. Such insolvency proceedings applicable to the Dutch Guarantor will be governed by Dutch insolvency laws (including the Dutch Bankruptcy Act (*Faillissementswet*)), subject to certain exceptions as provided for in the New EU Insolvency Regulation.

There are two applicable corporate insolvency regimes under Dutch law: (i) moratorium of payment (*surseance van betaling*), which is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern; and (ii) bankruptcy (*faillissement*), which is primarily designed to liquidate and distribute the assets of a debtor to its creditors.

Unlike Chapter 11 proceedings under U.S. bankruptcy law where both secured and unsecured creditors are generally barred from seeking to recover on their claims, moratorium of payment proceedings allow certain secured creditors and preferential creditors to satisfy their claims by proceeding against the assets that secure their claims or to which they have preferential rights, albeit that higher ranking security interests or preferential rights (if any) will need to be respected upon enforcement. However, a statutory stay of execution of up to two months, extendable by another period of up to two months, may be imposed by court order pursuant to Section 241(a) of the Dutch Bankruptcy Act.

In Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on the basis of the relative priority of the claims of those creditors and, to the extent claims of certain creditors have equal priority, in proportion to the amount of such claims. Secured creditors such as pledgees and mortgagees may enforce their rights separately from bankruptcy and are in principle not required to contribute to the bankruptcy costs (*faillissementskosten*). However, the enforcement of a security interest in bankruptcy will be subject to the following general rules: (i) a statutory stay of execution of up to two months, extendable by another period of up to two months, may be imposed by court order pursuant to Section 63(a) of the Dutch Bankruptcy Act; (ii) a bankruptcy trustee (*curator*) may force a secured party to foreclose its security interest within a reasonable time (to be set by the bankruptcy trustee pursuant to Section 58(1) of the Dutch Bankruptcy Act), failing which the bankruptcy trustee will be entitled to sell the relevant assets and distribute the proceeds to the secured party, subject however to deduction of bankruptcy costs; and (iii) excess proceeds of enforcement must be returned to the company's bankruptcy trustee and may not be offset against an unsecured claim of the pledgee or the mortgagee against the company. To the extent that the proceeds of the secured assets are not sufficient to satisfy the secured creditor's claim, the secured creditor can submit its claim in the bankruptcy as an unsecured creditor.

All unsecured, pre-bankruptcy claims are submitted to the bankruptcy trustee for verification, and the bankruptcy trustee makes a determination as to the existence, ranking and value of the claim and whether and to what extent it should be admitted in the bankruptcy proceedings. Creditors that wish to dispute the verification of their claims by the bankruptcy trustee will need to commence claim validation proceedings (*renvooiprocedure*) in the competent court in order to establish the amount and rank of the disputed claim.

Interest accruing after the date of the adjudication of bankruptcy cannot be admitted unless secured by a pledge or mortgage. In that event, interest will be admitted *pro memoria*. To the extent that an interest is not covered by the proceeds of the security the creditor may not derive any rights from the admission. During the bankruptcy, no interest is payable in respect of unsecured claims as of the date of bankruptcy.

Fraudulent conveyance

Dutch law contains specific provisions dealing with fraudulent conveyance both in and outside of bankruptcy, the so-called *actio pauliana* provisions. The *actio pauliana* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person and may be nullified (*vernietigd*) by the bankruptcy trustee in a bankruptcy of the relevant person, or by any of the creditors of the relevant person outside bankruptcy, if (i) the person performed such acts without an obligation to do so (*onverplicht*), (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act, and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*om niet*), in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance.

Knowledge that the transaction would prejudice other creditors is presumed by law for all transactions performed within one year before the date of the adjudication of bankruptcy or, outside bankruptcy, within one year before the date the claim of fraudulent conveyance is made, if it is also established that one of the conditions mentioned in Section 43 of the Dutch Bankruptcy Act or, respectively, Section 3:46 of the Dutch Civil Code (*Burgerlijk Wetboek*) is fulfilled. These conditions include, but are not limited to, situations in which (1) the debtor enters into an agreement whereby the value of the obligation of the debtor materially exceeds the value of the obligation of the creditor, (2) the debtor pays or grants security for debts which are not yet due, (3) an agreement is made between legal entities or an obligation arises from one legal entity towards another if a director of one of these legal entities is also a director of the other, or (4) an agreement is made or an obligation would arise with a group company.

Accordingly, if (ultimately) a Dutch court were to find that the issuance of the Guarantees by a Dutch Guarantor or any other transaction entered into by a Dutch Guarantor at any time in connection with the Guarantees constituted a fraudulent conveyance, then the Guarantees of the relevant Dutch Guarantor or any other transaction entered into by the relevant Dutch Guarantor at any time in connection with the Guarantees, could be nullified. As a result of such a successful challenge, holders of the Notes may not enjoy the benefit of the Guarantees of the relevant Dutch Guarantor or any of the other transactions entered into by the relevant Dutch Guarantor at any time in connection with the Guarantees. The value of any consideration that holders of the Notes received with respect to the Notes could also be subject to recovery from such holders of the Notes and possibly from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the relevant Dutch Guarantor as a result of the fraudulent conveyance.

Limitations on Enforcement

Under Dutch law, receipt of any payment under the Guarantees issued by the Dutch Guarantors may be affected by (i) the standards of reasonableness and fairness (*maatstaven van redelijkheid en billijkheid*); (ii) *force majeure* (*niettoerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*); and (iii) the other general defences available to debtors under Dutch law in respect of the validity, binding effect and enforceability of such Guarantees, including but not limited to claims that a Guarantee should be voided because it was entered into through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), threat (*bedreiging*) or error (*dwaling*) of any of the parties thereto and any claims under the Guarantees may be, or become, subject to set-off, counterclaim or suspension (*opschorting*).

The validity and enforceability of a Guarantee may also be successfully contested by a Dutch Guarantor (or its bankruptcy trustee in bankruptcy) on the basis of the *ultra vires* (*doeloverschrijding*) provisions of Section 2:7 of the Dutch Civil Code, which give legal entities the right to nullify a legal act entered into by it, if such act exceeded (*overschrijden*) its objects (*doel*) and the counterparty (*wederpartij*) knew, or without independent investigation, should have known, that the legal entity's objects were exceeded. In determining whether the granting of a Guarantee is in furtherance of the objects of a Dutch Guarantor, the competent court will *inter alia* take into account the following circumstances: (i) the text of the objects clause in the articles of association of the relevant Dutch Guarantor; (ii) whether the granting of such Guarantee is in the corporate interests (*vennootschappelijk belang*) of the relevant Dutch Guarantor; and (iii) whether or not the continuity of the relevant Dutch Guarantor is jeopardized by the granting of such Guarantee. The mere fact that a certain legal act is expressly permitted by a Dutch Guarantor's objects clause does not automatically mean that such legal act cannot be deemed to be *ultra vires*.

Spain

Effects of the insolvency on guarantees

In accordance with article 71 of the Spanish Law 22/2003, of 9 July, Insolvency Law, as amended from time to time (Ley 22/2003 de 9 de julio, Concursal) (the Spanish Insolvency Act) those actions that cause a detriment to the assets of the insolvent party carried out during the previous two years to the date of declaration of insolvency may be rescinded. The mentioned detriment is presumed iuris et de iure (irrebuttable) in case of, amongst others, disposals without consideration.

In this regard, certain recent resolutions by the Spanish Commercial Courts whereby cross-stream guarantees created by Spanish companies in favor of other group companies have been challenged on the basis that such guarantees and security have no consideration. Therefore, unless evidence could be provided that there was a tangible and identifiable economical interest for the guarantor/security provider (beyond an abstract group interest), such guarantees may be rescinded by Spanish Commercial Court.

Since limited case law is available regarding all aspects of the Spanish Insolvency Act, it is not possible to envisage how Spanish courts will finally apply the provisions of the Spanish Insolvency Act in actual cases.

Spanish financial assistance limitations

Spanish law expressly prohibits that Spanish Stock Companies (*Sociedades Anónimas*) such as Intralot Iberia Holdings, S.A. provide financial assistance (*asistencia financiera*) within the meaning of Article 150 of the Spanish Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital*), including but not limited to advancing funds, creating security interests or guarantees to any party to finance or refinance the acquisition of its own shares or the shares of its direct or indirect parent companies or shareholders. Guarantee obligations and security interests created in breach of Article 150 of the Spanish Companies Act will be null and void.

United Kingdom

Overview of UK Insolvency Proceedings

In the event that a Subsidiary Guarantor incorporated in the UK (a UK Guarantor) experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application to the court for entry into administration, the company or the holder of a "qualifying floating charge" (discussed below) entering into administration by appointing administrators through an out of court procedure or (in the case of liquidation) by a creditor filing a petition to wind up the company or the company resolving to wind itself up. A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

Under the Insolvency Act 1986, as amended (the "*UK Insolvency Act*"), a company is insolvent if it is unable to pay its debts. A company is deemed unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due), if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), or, among other matters, if it fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full a judgment debt (or similar court order).

No security interests granted by UK Guarantors

Although the following content includes certain details of how secured creditors (and secured assets) of a UK Guarantor would rank and be dealt with in any UK Insolvency Proceedings of a UK Guarantor, it should be noted that the obligations under each UK Guarantor's guarantee are unsecured.

Liquidation

Priority of Claims in a UK Liquidation

Liquidation is a proceeding where the relevant company's assets are sold, the proceeds distributed to creditors and the company dissolved. Upon liquidation of any UK Guarantor, the order of priorities is such that debts due from it to any holders of fixed charges over its assets are paid first out of the realization proceeds of assets subject to such fixed charges (subject to the prior payment of the costs of preservation and realization of the fixed charge assets). Where there are floating charges, liquidation expenses (discussed further below), preferential creditors, and unsecured creditors to the extent of the "ring-fenced" fund (discussed further below) may (to the extent the other unsecured assets of the UK Guarantor are insufficient to discharge them) be paid out of floating charge realizations in priority to payments to creditors secured such floating charges. Thereafter, any debts owing to holders of a floating charge would be paid to the extent they are secured by that charge. The categories of preferential debts include certain amounts payable in respect of occupational pension schemes relating to contributions due but unpaid and employee remuneration up to a specified amount. A certain part of the net proceeds of the realization of the assets covered by a floating charge (up to a maximum of £600,000) would be "ring-fenced" and made available pro rata to unsecured creditors. Provable debts of unsecured creditors which are not preferential debts and are not covered by the ring fenced fund (if any) would be paid from unsecured assets and any surplus realisations after the secured liabilities have been met from the relevant secured assets.

Liquidation Expenses

The UK Insolvency Act broadly states that in a liquidation of a company the expenses of liquidation rank first for payment out of the debtor's unsecured assets and ahead of unsecured creditors. In addition, where the assets available for payment of its general creditors (excluding any amount ring-fenced for unsecured debts as described above) are not sufficient to meet the liquidation expenses, those liquidation expenses rank ahead of preferential debts and floating chargees' claims.

Administration

Administration is an insolvency procedure under the UK Insolvency Act, pursuant to which a company may be reorganized or its assets realized under the protection of a statutory moratorium. A company may be put into administration either pursuant to a court order or via an out-of-court process. Broadly speaking (and subject to specific conditions), a company can be placed into administration at the application of, among others, itself, its directors or one or more of its creditors (including contingent and prospective creditors). A holder of a qualifying floating charge over the assets of the company also has the right to appoint an administrator. In addition, he has the right to intervene in an administration application made by another party by nominating an alternative administrator or, in certain very specific circumstances, by blocking the appointment altogether by the appointment of an administrative receiver.

An administrator may only be appointed (either by a court or via the out-of-court process) if there is sufficient evidence (which varies depending on the method of appointment) including that (a) the company proposed to be the subject of the administration is or is likely to become "unable to pay its debts" and (b) the administration is reasonably likely to achieve one of the statutory objectives of administration. Administration proceedings are supposed to achieve one of three objectives that must be considered successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than if the company went into immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to secured or preferential creditors.

Broadly speaking, an interim moratorium comes into effect when an application for an administration order (in the case of a court appointment) or a notice of intention to appoint an administrator is made. At the commencement of the appointment of an administrator, a full statutory moratorium applies, pursuant to which creditors cannot take action against the relevant company, including, among other things, commencing a legal process against the Issuer, winding up the relevant company or enforcing security or repossessing goods in the relevant company's possession under a hire purchase agreement without the consent of the administrator or permission of the court. There are limited exceptions under which certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. As with a liquidation, as described above, where an administration moves into a liquidation phase, an administrator will generally be required to ring-fence a certain percentage of the proceeds of enforcement of a floating charge security (if any) for the benefit of unsecured creditors up to a maximum of £600,000 (and after making full provision for preferential creditors and administration expenses out of floating charge realizations).

Broadly speaking, expenses that qualify as expenses of the administration (and which include, among others, expenses properly incurred by the administrator in performing his functions in the administration and necessary disbursements incurred in the course of the administration) enjoy priority status over unsecured creditors and (as is the case with liquidation if the Company's unsecured assets are insufficient to discharge them), expenses of the administration can be claimed out of the realization proceeds of assets subject to a floating charge (if any).

Claims of creditors may be submitted to the administrator, although court approval (and the conversion of the administration from a rescue proceedings to a liquidity administration) will generally be required before he can make a distribution to unsecured creditors. Time limits may be set for receipt and processing of claims before interim dividends are paid.

Company Voluntary Arrangement—Small Companies Moratorium

Certain "small companies" for the purposes of putting together proposals for a company voluntary arrangement may seek court protection from their creditors by way of a "moratorium" for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by order, extend or reduce the duration of either period).

A "small company" is defined for these purposes by reference to whether the relevant company meets certain tests relating to a company's balance sheet, total turnover and average number of employees in a particular period (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by order, modify the moratorium eligibility qualifications and the definition of a "small company").

During the period for which a moratorium is in force in relation to a company, among other things, no winding up may be commenced (except in very limited circumstances, for example where the UK Secretary of State considers it to be in the public interest to do so) or administrator or administrative receiver appointed to that company, no security created by that company over its property may be enforced (except with the leave of the Court or in the case of existence of financial collateral arrangements as defined in the Financial Collateral Arrangements (No 2) Regulations 2003 whereby the requirement to get a court order before enforcing security over small companies will not apply), no other proceedings or legal process may be commenced or continued to that company (except with the leave of the Court) and the relevant company's ability to make payments in respect of debts and liabilities existing at the date of the filing for the moratorium is curtailed.

Certain small companies may, however, be excluded from being eligible for a moratorium (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by regulations, modify such exclusions). As the law currently stands, companies that on the date of filing are party to an agreement which is or forms part of a capital market arrangement are excluded from being eligible for this small companies' moratorium.

Possible challenges

Under English insolvency law, a liquidator or administrator of a company has certain powers to apply to the court to challenge transactions entered into by a company if the company is unable to pay its debts (as defined in the UK Insolvency Act) at the time of the transaction or if the company becomes unable to pay its debts as a result of the transaction (see above for a description of when a company may be deemed unable to pay its debts).

Transactions at an undervalue

A transaction (such as a UK Guarantor's grant of a guarantee) might be challenged as a transaction at an undervalue if it involved the relevant company making a gift or otherwise entering into a transaction on terms under which it received no consideration, or the company received significantly less value than it gave in return. The court has powers to make any order it thinks fit in order to restore the position to what it would have been had the company not entered into that transaction. A court should not intervene, however, if it is satisfied that the relevant company entered into the transaction in good faith and for the purposes of carrying on its business and if, at the time it did so, there were reasonable grounds for believing that the transaction would benefit the company. The court can set aside transactions at an undervalue entered into by the company within a period of two years ending with the onset of insolvency (please see below for details of when the onset of insolvency occurs). The order could include reducing payments under the guarantees or setting aside any guarantees although there is protection for a third party that acquires an interest in property or benefits from the transaction and has acted in good faith for value without notice of the relevant circumstances).

Preferences

A transaction might also be challenged as a preference where the relevant company has done something or suffered something to be done which has the effect of putting a creditor, surety or guarantor in a better position than he would have been in in the event of the relevant company going into insolvent liquidation. If a transaction is found to have given a preference to a creditor, surety or guarantor of the company then the court may make such order as it thinks fit for restoring the position to what it would have been if the company had not given that preference (which could include reducing payments under the guarantees or setting aside guarantees although there is protection for a third party that acquires an interest in property or benefits from the transaction and has acted in good faith for value without notice of the relevant circumstances). A court should not intervene however when the company, in deciding to give the preference, was not influenced by a desire to put the person who was given the preference in a better position in the event of insolvent liquidation of the company. If the preference is given to a person connected to the company (other than an employee), the court looks back and sets aside those preferences entered into in the period of two years ending with the date of the onset of the company's insolvency. If the person is not connected to the company, the court can only go back and set aside those preferences entered into in the period of six months ending on the onset of insolvency.

Extortionate Credit Transactions

Furthermore, an administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by a company up to three years before the day on which the company entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing. If a transaction entered into by a company is found to be an extortionate credit transaction the court can make one or more orders specified in the UK Insolvency Act, including an order setting aside the whole or any part of any obligation created by the extortionate credit transaction, an order varying the terms of the extortionate credit transaction or an order requiring any person to pay to the administrator or liquidator any sums paid to that person, by virtue of the extortionate credit transaction, by the relevant company.

As a result of the rights to challenge described above, in the event that a UK Guarantor becomes unable to pay its debts within a period of up to two years of the issuance of the Notes (or three years if the Notes or any related transaction are found to be an extortionate credit transaction), an administrator or liquidator is appointed and the conditions contemplated in the relevant legal provisions are met, the provision of the relevant Guarantees may be challenged by a liquidator or administrator or a court may set aside the granting of the Guarantees as invalid.

Connected Persons

A connected person for the purposes of transactions at an undervalue and preferences is a party who is a director, shadow director, an associate of such director, or an associate, of the relevant company. A person is associated with an individual if he/she is (i) the individual's husband, wife or civil partner, (ii) they are a relative of the individual or (iii) the individual's husband, wife or civil partner, or the husband, wife or civil partner of a relative of the individual or of a relative of the individual's husband, wife or civil partner. A person is associated with a company if employed by that company. A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

Onset of Insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges, depends on the insolvency procedure in question. In administration the onset of insolvency is the date on which (a) the court application for an administration order is issued, or (b) the notice of intention to appoint an administrator is filed at court, or (c) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation the onset of insolvency is the date on which the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date on which the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be as for the initial administration.

Limitation on enforcement

The grant of a guarantee by any UK Guarantor in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. Further, corporate benefit must be established for a UK Guarantor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of a UK Guarantor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors. In the case of either a company exceeding the powers and authorities under its memorandum and articles of association or the directors entering into a transaction which has no corporate benefit there is the risk that the grant of the guarantee can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with a UK Guarantor in good faith, however the relevant legislation is not without difficulties in its interpretation.

Dispositions in Winding-up

Other than set out in this section, any disposition of a UK Guarantor's property made after a compulsory winding-up has commenced is, unless the court orders otherwise, void. The compulsory winding-up of a company is deemed to commence when a winding-up petition is presented by a creditor against the company, rather than the date on which that court makes the winding-up order (if any).

Foreign currency

Where creditors of a UK Guarantor are asked to submit formal proofs of claim for their debts, and the debt is payable in a currency other than pounds sterling (such as any debt arising under the Notes or any guarantee thereof) the amount of the debt must be converted into pounds sterling at the "official exchange rate" prevailing on the date the company went into liquidation or administration. This is the case regardless of any contrary contractual agreement between the parties. The "official exchange rate" for these purposes is the middle market rate in the London Foreign Exchange Market at the close of business, as published for the date in question. In the absence of any such published rate, foreign currency debts are converted into pounds sterling at such rate as the court determines.

Post-petition Interest

Any interest accruing under or in respect of amounts due under the Notes (or a UK Guarantor's guarantee of the Notes) in respect of any period after the commencement of administration or liquidation proceedings in respect of a UK Guarantor would only be recoverable by the Noteholders from that UK Guarantor out of any surplus remaining after payment of all other debts proved in the proceedings of the UK Guarantor and accrued and unpaid interest on those debts up to the date of the commencement of the proceedings.

United States of America

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, under certain circumstances:

(1) the issuance of the Subsidiary Guarantees by entities subject to or organized under the laws of the United States or certain states thereof, including the State of Connecticut and the State of Delaware (each, a "U.S. Provider") could be avoided;

(2) claims in respect of such liens or obligations could be subordinated to some or all of its other debts and other liabilities; and

(3) the holders of the Notes could be required to repay any amounts received in connection with such Subsidiary Guarantee.

Federal and State Insolvency Proceedings

Certain U.S. Providers may have operations that would subject any one or more either to federal bankruptcy laws under title 11 of the United States Code (the "U.S. Bankruptcy Code") or any applicable state law insolvency proceedings. Proceedings under the U.S. Bankruptcy Code vary and provide a debtor with discretion in its pursuit of a liquidation or reorganization strategy. The U.S. Bankruptcy Code provides a detailed statutory framework that, among other things, contains terms or provisions relating to: (i) the administration of a bankruptcy case, including the provision of "adequate protection" to creditors, the automatic stay, terms for the use, sale or lease of property, standards for obtaining credit and the treatment of executory contracts and leases; (ii) creditors and claims, including filing proofs of claim, priority and allowance of claims, rights of creditors and subordination of claims; (iii) provisions relating to the creation of the bankruptcy estate, including: the scope of property of the estate and turnover and avoidance actions, liquidation under chapter 7 of the U.S. Bankruptcy Code, reorganization under chapter 11 of the U.S. Bankruptcy Code, and ancillary and cross-border insolvency cases under chapter 15 of the U.S. Bankruptcy Code.

As a general matter, chapter 7 of the U.S. Bankruptcy Code provides for the orderly liquidation of the debtor's assets by a trustee. Chapter 11 of the U.S. Bankruptcy Code is available to debtors who seek to rehabilitate their businesses and work out their obligations to creditors. Unlike in chapter 7, the debtor in a chapter 11 case typically remains in control of its assets and continues to operate its business during the course of the bankruptcy case. In addition, "liquidating" chapter 11 cases are a frequently utilized alternative to chapter 7 liquidations, especially where the conversion of a pending chapter 11 case to a case under chapter 7 might prove prohibitively expensive or in an instance when a debtor expects to sell all or substantially all of its assets. Because bankruptcy proceedings tend to be fact specific and vary case by case and because U.S. bankruptcy courts are courts of equity with broad discretionary powers, a detailed summary of all of the provisions of the U.S. Bankruptcy Code that could impact the Notes or the Subsidiary Guarantees is not contained herein.

With respect to proceedings under any applicable state insolvency laws (e.g., assignments for the benefit of creditors, receiverships or other state liquidation mechanisms), the effects and customers of these proceedings are fact-specific, vary from state to state and require an examination of both statutory and common law, the details of which also are not described herein. To the extent more information is required, potential investors in the Notes should consult an insolvency professional familiar with U.S. and the applicable state insolvency laws.

Delay and Risks Associated in a Federal Bankruptcy Proceeding

If a bankruptcy proceeding were to be commenced under the U.S. Bankruptcy Code by or against any U.S. Provider, it is likely that delays will occur in enforcing the Subsidiary Guarantees granted by the bankrupt U.S. Provider, because of specific provisions of such laws or by a court applying general principles of equity. Aspects of federal bankruptcy laws or general principles of equity that could result in the impairment of rights include, but are not limited to:

- the automatic stay;
- avoidance of preferential transfers by a trustee or debtor-in-possession;
- substantive consolidation of the assets and liabilities of multiple entities;
- limitations on collectability of unmatured interest or attorney fees;
- fraudulent transfer; and
- forced restructuring of the bonds issued by the bankrupt company, including reduction of principal amounts and interest rates and extension of maturity dates, over the holders' objections.

As an initial matter, the commencement of a bankruptcy case operates as a stay, applicable to all creditors, of most litigation against the debtor and efforts to collect prepetition claims, enforce existing liens or impose most new liens. The purpose of the stay is to provide the chapter 11 debtor time to reorganize and the chapter 7 trustee protection under which to liquidate in an orderly fashion the debtor's assets for the benefit of creditors. The automatic stay is also intended to shield a debtor from the pressures of creditor collection efforts. Among other things, the automatic stay prohibits (i) all collection efforts by creditors, (ii) the enforcement of prepetition judgments against the debtor or property of the estate, (iii) any act to create, perfect or enforce a lien against property of the estate and (iv) the set-off of prepetition debts owing to the debtor against debts owing by the debtor. The automatic stay ordinarily does not bar suits against non-debtor guarantors or co-obligors, nor does it enjoin payment under a letter of credit issued by a bank in favor of a creditor of the applicable debtor. Applicable federal bankruptcy laws generally do not permit the payment or accrual of interest, costs and attorneys' fees for unsecured or "undersecured" claims.

Fraudulent Transfer Issues

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer laws, the issuance of Subsidiary Guarantees by any U.S. Providers could avoided if, among other things, at the time the U.S. Providers issued the Subsidiary Guarantees, the applicable U.S. Provider (i) intended to hinder, delay or defraud any present or future creditor; or (ii) received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and, in the case of (iii) either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the U.S. Provider's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, a U.S. Provider would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than all of its assets, at a fair valuation;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

However, there can be no assurance as to what standard a court may apply in making solvency determinations, and different courts may reach different conclusions with regard to these issues. In an evidentiary ruling in the *In re W.R. Grace & Co.* bankruptcy case, the U.S. Bankruptcy Court for the District of Delaware held that under the Uniform Fraudulent Transfer Act, whether a transferor is rendered insolvent by a transfer depends on the actual liabilities of the transferor, and not what the transferor knows about such liabilities at the time of the transfer. Therefore, under that court's analysis, liabilities that are unknown, or that are known to exist but whose magnitude is not fully appreciated at the time of the transfer, may be taken into account in the context of a future determination of insolvency. If the principle articulated by that court is upheld, it would make it very difficult to know whether a transferor is solvent at the time of transfer, and would increase the risk that a transfer may in the future be found to be a fraudulent transfer.

By their terms, the Subsidiary Guarantees of each U.S. Provider will limit the liability of each such guarantor to the maximum amount it can pay without the Subsidiary Guarantee being deemed a fraudulent transfer. It is not assured, however, that this limitation will protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due. In a recent Florida bankruptcy case, this kind of provision was found to be ineffective to protect the guarantees.

In addition to the avoidance power that may be exercised in a U.S. bankruptcy, claims in respect of liens or obligations evidenced by the Subsidiary Guarantees may, in certain circumstances, be subordinated under the equitable subordination provisions of the U.S. Bankruptcy Code.

Preference Issues

Any future pledge of collateral in favor of the creditors might be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the pledgee to receive a greater recovery than it would otherwise receive in a hypothetical Chapter 7 liquidation and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

U.S. Recognition of Foreign Court Judgments

Judgments of foreign courts are not automatically enforceable in federal or state courts of the United States. With respect to foreign money judgments, recognition and enforceability will be governed by applicable state law. A majority of U.S. states have adopted a version of the Uniform Foreign Money Judgments Recognition Act (or a later revision thereof) (the "U.S. Uniform Act"). Although variations exist among states, the U.S. Uniform Act generally applies to any judgment granting or denying recovery of a sum of money rendered in a foreign jurisdiction (excluding judgments for taxes, fines, penalties and matrimonial support), so long as the judgment is final, conclusive and enforceable in the jurisdiction where rendered. Pursuant to the U.S. Uniform Act, any such foreign judgment rendered by a court having proper personal and subject matter jurisdiction would, subject to considerations of public policy, be recognized and enforced by a United States state court that has adopted the U.S. Uniform Act (or a federal court sitting in such a state) and that also has appropriate personal and subject matter jurisdiction without reexamination of the merits of the case pursuant to which such foreign judgment was obtained and in the same manner as the judgment of a sister state that is entitled to full faith and credit, in an appropriate proceeding in accordance with the procedures of such court, provided that (i) the judgment debtor had received proper and sufficient notice of the subject proceedings, (ii) the judgment was not obtained by fraud or by procedures that denied the judgment debtor a fair trial before an impartial tribunal or due process of law, (iii) the proceedings in the foreign court were not contrary to an agreement between the parties under which the dispute in question was to be settled otherwise than by proceedings in that court, (iv) the foreign court was not a seriously inconvenient forum for the trial of the action if jurisdiction over the judgment debtor was based only on personal service, and (v) the judgment did not conflict with another final and conclusive judgment. In addition to the foregoing, a number of states adopting the U.S. Uniform Act also require that the foreign court rendering the judgment reside in a jurisdiction that will reciprocally enforce judgments of United States courts. In states that have not adopted the U.S. Uniform Act, principles of comity will apply. The Uniform Act represents an attempt to codify general principles of comity, and should therefore be generally indicative of the types of principles that non-U.S. Uniform Law states would apply in determining whether to recognize a foreign judgment against the U.S. Providers.

CERTAIN LUXEMBOURG INSOLVENCY LAW CONSIDERATIONS WITH RESPECT TO THE ISSUER AND THE LUXEMBOURG GUARANTOR

The following is a summary description of certain insolvency law considerations in the jurisdiction in which the Issuer and Intralot Finance Luxembourg S.A. (the "Luxembourg Guarantor") are organized. In the event that the Issuer, the Luxembourg Guarantor or any other of the Company's subsidiaries experienced financial difficulties, it is not possible to know with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or what the outcome of such proceedings would be.

Luxembourg insolvency laws may not be as favorable as insolvency laws in other jurisdictions

The insolvency laws of the Grand Duchy of Luxembourg may not be as favorable to holders of Notes as insolvency laws of other jurisdictions with which investors may be familiar. The Issuer and the Luxembourg Guarantor are incorporated and have their centre of main interests (*centre des intérêts principaux*), for the purposes of the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015, as amended (the "New EU Insolvency Regulation"), and their registered office and central administration (*administration centrale*) in the Grand Duchy of Luxembourg. Accordingly, insolvency proceedings affecting the Issuer or the Luxembourg Guarantor would be governed by Luxembourg insolvency laws. The following is a brief description of the key features of Luxembourg insolvency proceedings and certain aspects of insolvency laws in the Grand Duchy of Luxembourg as they may apply in respect of the Issuer and the Luxembourg Guarantor.

Luxembourg insolvency proceedings

Under Luxembourg insolvency laws, the following types of proceedings (together referred to as "Insolvency Proceedings") may be opened against the Issuer or the Luxembourg Guarantor to the extent that it has its registered office or its centre of main interests (*centre des intérêts principaux*) (for the purposes of the New EU Insolvency Regulation) in Luxembourg:

- bankruptcy proceedings (*faillite*);
- controlled management proceedings (*gestion contrôlée*); and
- composition proceedings (*concordat préventif de la faillite*).

In addition to these proceedings, the ability of the holders of Notes to receive payment under the Notes as far as the Issuer is concerned and the Guarantees provided by the Luxembourg Guarantor may be affected by a decision of the Commercial District Court (*Tribunal d'arrondissement siégeant en matière commerciale*) granting suspension of payments (*sursis de paiements*) granting suspension of payments (*sursis de paiements*) or putting the Issuer or the Luxembourg Guarantor, as applicable, into judicial liquidation (*liquidation judiciaire*).

Bankruptcy (*faillite*)

General administration of bankruptcy proceedings

The opening of bankruptcy proceedings may be requested by the Issuer or the Luxembourg Guarantor, as applicable, or by any of its creditors. Following such a request, the Commercial District Court having jurisdiction may open bankruptcy proceedings in the event that the Issuer or the Luxembourg Guarantor, as applicable, (a) has ceased to make payments (*cessation de paiements*) (meaning that the Issuer or the Luxembourg Guarantor, as applicable, does not pay its debts as they fall due) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*) (meaning that the Issuer or the Luxembourg Guarantor, as applicable, no longer has the ability to obtain financing at normal commercial terms). If the Commercial District Court considers that these conditions are met, it may also open bankruptcy proceedings on its own motion, absent a request made by the Issuer or the Luxembourg Guarantor, as applicable, or a creditor.

If the Commercial District Court declares a company bankrupt, it will appoint one or more bankruptcy receivers (*curateur(s)*), depending on the complexity of the proceedings and a supervisory judge (*juge-commissaire*) to supervise the bankruptcy proceedings.

The period within which creditors must file their proof of claims (*déclaration de créance*) is specified in the judgment adjudicating the company bankrupt. Claims filed after such period may nevertheless be taken into account by the bankruptcy receiver subject to certain limitations as to distributable proceeds.

The bankruptcy receiver takes over the management and control of the company in place of the directors or the managers of such company. The bankruptcy receiver will realize the company's assets and distribute the proceeds to the company's creditors in accordance with the statutory order of payment and, if there are any funds left, to the bankrupt company's shareholders. The bankruptcy receiver represents the company as well as the creditors collectively (*masse des créanciers*).

The bankruptcy receiver will need to obtain of the Commercial District Court permission for certain acts, such as agreeing to a settlement of claims or deciding to pursue the business of the company during the bankruptcy proceedings.

Bankruptcy is governed by public policy and rules, which generally delay the process and limit restructuring options of the group to which the bankrupt company belongs.

On closing of the bankruptcy proceedings, the bankrupt company will normally be dissolved.

Effects of bankruptcy proceedings

The main effect of bankruptcy proceedings is the suspension of all measures of enforcement against the Issuer or the Luxembourg Guarantor, as applicable, except, subject to certain limited exceptions, for secured creditors, and the payment of unsecured creditors in accordance with their rank upon the realization of the assets of the Issuer or the Luxembourg Guarantor, as applicable.

As from the judgment declaring the Issuer or the Luxembourg Guarantor, as applicable, bankrupted, maturities of debts of the Issuer or the Luxembourg Guarantor, as applicable, (which are not yet due) are accelerated and the creditors of the Issuer or the Luxembourg Guarantor, as applicable, can file their proof of claims with the Commercial District Court.

In principle, contracts of the bankrupt company are not automatically terminated on commencement of bankruptcy proceedings, save for contracts for which the identity or solvency of the company was crucial (*intuitu personae* agreements). However, certain contracts are terminated automatically by law, such as employment contracts, unless expressly confirmed by the receiver. Contractual provisions purporting to terminate a contract upon bankruptcy are generally held as being valid. The receiver may choose to terminate contracts of the company subject to the obligations that the Issuer or the Luxembourg Guarantor, as applicable, may have to perform first its obligations (the rule of "*exceptio non adimpleti contractus*") and the creditors' interest.

Unsecured claims will only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized and subject to application of the relevant priority rules, liens and privileges arising mandatorily by law). During bankruptcy proceedings, all enforcement measures by unsecured creditors are suspended.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the Issuer or the Luxembourg Guarantor, as applicable, during the pre-bankruptcy hardening period (*période suspecte*) which is fixed by the Commercial District Court and dates back not more than six months as from the date on which the Commercial District Court formally adjudicates a company bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period, or without any time limit. In particular:

- pursuant to article 445 of the Luxembourg code of commerce, some transactions (in particular, the granting of a security interest for antecedent debts, save in respect of financial collateral arrangements within the meaning of the Luxembourg law of 5 August 2005 on collateral arrangements, as amended (the "Luxembourg Collateral Act"); the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange (unless, arguably, that method of payment was agreed from inception); transactions without consideration or with substantially inadequate consideration entered into during the suspect period (or the ten days preceding it)) must be set aside, if so requested by the bankruptcy receiver;

- pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to setting aside by the Commercial District Court upon proceedings initiated by the bankruptcy receiver, if they were concluded with the knowledge of the bankrupt's cessation of payments; and

- pursuant to article 448 of the Luxembourg code of commerce and article 1167 of the Luxembourg civil code (*action paulienne*), the bankruptcy receiver (acting on behalf of the creditors) has the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

The Luxembourg Collateral Act provides that with the exception of the provisions of the Luxembourg law of December 8, 2000 on over-indebtedness (*surendettement*) (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, the provisions of Book 1, Title VIII of the Luxembourg Commercial Code, the provisions of Book III of the Luxembourg Commercial Code and the national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements (such as Luxembourg pledges over shares of Luxembourg private or public limited companies or receivables) and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Certain preferred creditors of the Issuer or the Luxembourg Guarantor, as applicable, (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors.

Controlled management proceedings (*gestion contrôlée*)

General administration of controlled management proceedings

A company, which has lost its commercial creditworthiness (*ébranlement de crédit*) or which is not in a position to completely fulfil its obligations, can apply for the regime of controlled management in order either (i) to restructure its business or (ii) to realize its assets in good conditions. An application for controlled management can only be made by the company without any time limit.

The loss of commercial creditworthiness (*ébranlement de crédit*) is identical to the credit test applied in bankruptcy proceedings. As to the second criteria (that is, the case where a company is not in a position to completely fulfil its obligations), a broad view of the total situation of the company is taken.

According to information publicly available, controlled management proceedings are rarely used as they are not always successful, therefore are not considered to permit a turnaround of the debtor and generally lead to bankruptcy proceedings. They are occasionally applied to companies, in particular holding or finance companies, which are part of an international group and whose inability to meet obligations results from a default of group companies.

The controlled management proceedings are divided into three steps:

1. The company must file an application with the Commercial District Court. The Commercial District Court can reject the application because (i) the company has already been declared bankrupt or (ii) the evidence brought forward by the company does not ensure the stabilization and the normal exercise of the company's business or improve the realization of the company's assets in better conditions. If the application is upheld at this stage, the Commercial District Court will appoint an investigating judge (*juge délégué*) to make a report on the overall situation of the company.

2. Once the investigating judge has delivered a report, the Commercial District Court may (i) turn down the application on the ground that the proposals made by the applicant are unlikely to lead to the reorganization of the business or the realization of the assets in better conditions or (ii) appoint one or more administrators (*commissaires)* who will supervise the management of the assets of the company. If the Commercial District Court ascertains that the company is unable to pay its creditors (i.e. the company has ceased its paiements (*cessation de paiements*)), it may set the date as from which the company will be deemed to have been in such situation for the purpose of opening a bankruptcy proceedings against the company. Such date may be set up to six months prior to the filing of application for controlled management proceedings. However, bankruptcy may

only be declared if the two conditions for bankruptcy are met (cessation of payment (*cessation de paiements*) and loss of commercial creditworthiness (*ébranlement de crédit*)), and if the application has been dismissed either before or after consideration of the report by the investigating judge or after the reorganization plan proposed by the administrators (*commissaires)* at the third step described below. The administrators will draw up the inventory of the assets as well as the financial situation of the company. They are also in charge of the annual accounts of the company. The administrators may also prescribe any act they consider to be in the interests of the applicant or its creditors. The administrators have to be convened to any meeting of the board of directors or of managers (as applicable). They may attend all board meetings but have no voting rights. They have the right to convene such board meetings.

3. The administrators will draft a reorganization plan in respect of the applicant's business or a plan for realization of the assets, within the deadlines set forth by the Commercial District Court. The plan shall equitably take into account all interests involved and will comply with the ranking of mortgages (*hypothèques*) and privileges (*privilèges*) as required by law, without taking into account any contractual clause regarding termination, penalties or acceleration. The administrators will notify the draft plan to the creditors, joint debtors and guarantors. Within fifteen days of such notification or publication, the creditors will inform the Commercial District Court whether they agree or object to the draft plan. Any creditor who abstains will be considered as having adhered to the plan. The creditors, the company, the joint debtors and the guarantors may submit written observations to the Commercial District Court. The Commercial District Court may (i) approve the plan if a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed thereto or (ii) disagree with the plan proposed by the administrators even though a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed to such plan, in which case the application for controlled management will be dismissed or (iii) ask the administrators to propose an amended plan (such amended plan will have to be submitted again to the creditors). The judgment approving the plan will be binding upon the company and its creditors, joint debtors and guarantors. The fees of the administrators will be fixed by the Commercial District Court and will be borne by the company. The administrators who at the same time are creditors of the applicant are not entitled to any fees.

Effects of controlled management proceedings

As from the day of the appointment of the investigating judge and up to the final decision on the application for controlled management, any subsequent enforcement proceedings or acts, even if initiated by privileged creditors (including creditors who have the benefit of pledges (*gages*) and mortgages (*hypothèques*)) are stayed, save as provided for by the Luxembourg Collateral Act. The company may not enter into any act of disposition, mortgage or contract or accept any movable asset without the authorization of the investigating judge.

Once the administrators have been appointed, the company may not carry out any act (including receiving funds, lending money, granting any security, or making any payment) without the prior authorization of the administrators. The administrators may bring any action before the Commercial District Court in order to have any act made in violation of the legislation governing the controlled management or in fraud of the creditors' rights be set aside. Subject to the prior authorization of the Commercial District Court, they may bring an action (i) to have the directors or the managers (as applicable) or the statutory auditor be held liable or (ii) if the Commercial District Court has declared the company to be in cessation of payments, to have certain payments, compensations or security interests be set aside (under certain conditions set forth in Articles 445 *et seq*. of the Luxembourg code of commerce).

Preventive composition proceedings (*concordat préventif de la faillite*)

General administration of preventive composition proceedings

A company may enter into preventive composition proceedings (*concordat préventif de la faillite*) in order to resolve its financial difficulties by entering into an agreement with its creditors, the purpose of which is to avoid bankruptcy.

Preventive composition proceedings may only be applied for by a company which is in financial difficulty. Similar to controlled management proceedings, the preventive composition proceedings are not available if the company has already been declared bankrupt by the Commercial District Court or if the company is acting in bad faith. The application for the preventive composition proceedings can only be made by the company and must be supported by proposals of preventive composition.

The Commercial District Court will delegate to a delegated judge (*juge délégué*) the duty to verify, and to prepare a report on, the situation of the company. Based on such report, the Commercial District Court will decide whether or not to pursue the preventive composition proceedings. If the Commercial District Court considers that the procedure should not be pursued, it will in the same judgment declare the bankruptcy of the company (which bankruptcy may also be declared during the preventive composition proceedings if the conditions for the composition proceedings are not met). If the Commercial District Court considers that the procedure may be pursued, it will set the place, date and hour of a meeting (*assemblée concordataire*) at which the creditors will be convened. The delegated judge will make its report at the meeting (*assemblée concordataire*).

The preventive composition may only be adopted if a majority of the creditors representing, by their unchallenged claims, three-quarters of the company's debt, has adhered to the proposal and if the preventive composition has been homologated by the Commercial District Court. Creditors benefiting from mortgages (*hypothèques*), privileges (*privilèges*) or pledges (*gages*) only have a deliberating voice in the operations of the concordat, if they renounce the benefit of their mortgages, privileges or pledges. The vote in favor of the concordat entails renunciation. The renunciation may be limited by the secured creditors to only a portion (but representing at least 50% in value) of their claims with corresponding voting rights.

The preventive composition has no effect on the claims secured by a mortgage, a privilege or a pledge and on claims by the tax authorities. If the application results in a preventive composition arrangement sanctioned by the Commercial District Court, the preventive composition could still either be annulled (if it has not been executed) or terminated (in case of fraud or bad faith of the company). In such scenarios, the Commercial District Court may adjudicate bankrupt the company. The bankruptcy judgment can decide to set the date of cessation of payment to the date of the application for the preventive composition proceedings. If that date is less than six months prior to the bankruptcy judgment, the court can of course set the cessation of payment date at six months prior to its judgment.

Preventive composition proceedings are rarely used in practice since they are not binding upon secured creditors.

Effects of preventive composition proceedings

The company's business activities continue during the preventive composition proceedings. While the preventive composition is being negotiated, the company may not dispose of, or grant any security over, any assets without the approval of the delegated judge. Once the preventive composition has been agreed by the Commercial District Court, this restriction is lifted. However, the company's business activities will still be supervised by the delegated judge.

Except as provided for in the Luxembourg Collateral Act, while the preventive composition is being negotiated, unsecured creditors may not take action against the company to recover their claims. Secured creditors who do not participate in the preventive composition proceedings may take action against the company to recover their claims and to enforce their security. Fraudulent transactions which took place before the date on which the Commercial District Court commenced preventive composition proceedings may be set aside (please see the bankruptcy proceedings section above).

Suspension of payments proceedings (*sursis de paiements*)

General administration of a suspension of payments proceedings

A suspension of payments (*sursis de paiements*) for commercial companies can only be applied to a commercial company which, as a result of extraordinary and unforeseeable events, has to temporarily cease its payments but which has on the basis of its balance sheet sufficient assets to pay all amounts due to its creditors. The suspension of payments may also be granted if the situation of the applicant, even though showing a loss, presents serious elements of reestablishment of the balance between its assets and its debts.

The purpose of the suspension of payments proceedings is to allow a business undertaking experiencing financial difficulties to suspend its payments for a limited time after a complex proceeding involving both the Commercial District Court and the Luxembourg High Court of Justice (*Cour supérieure de justice*) and the approval by a majority of the creditors representing, by their claims, three-quarters of the company's debts (excluding claims secured by privilege (*privilège*), mortgage (*hypothèque*) or pledge (*gage*)).

The suspension of payments only applies to those liabilities which have been assumed by the debtor prior to obtaining the suspension of payment and has no effect as far as taxes and other public charges or secured claims (by right of privilege, a mortgage or a pledge) are concerned.

Effects of suspension of payments proceedings

During the suspension of payments, ordinary creditors cannot open enforcement proceedings against the debtor or the debtor's assets. This stay on enforcement does not extend to preferred creditors, or to creditors which are secured by mortgages (*hypothèques*), pledges (*gages*) or financial collateral arrangements governed by the Luxembourg Collateral Act. The company continues to manage its own business under the supervision of a court-appointed administrator who must approve most of the transactions carried out by the company.

When a suspension of payments ends, the stay on enforcement is terminated and the company's management body can run the business again.

Judicial liquidation

Judicial liquidation proceedings may be opened at the request of the Luxembourg public prosecutor against Luxembourg commercial companies pursuing an activity violating criminal laws or that are in serious violation of the Luxembourg commercial code or of the Companies Act 1915.

The management of such judicial liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act are initially represented by a global note in registered form without interest coupons attached (the “Rule 144A Global Note”). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act are initially represented by a global note in registered form without interest coupons attached (the “Regulation S Global Note” and, together with the Rule 144A Global Note, the “Global Notes”). The Global Notes have been deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the “Rule 144A Book-Entry Interests”) and ownership of interests in the Regulation S Global Note (the “Regulation S Book-Entry Interests” and, together with the Rule 144A Book-Entry Interests, the “Book-Entry Interests”) are limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, the Notes will not be issued in definitive form.

Book-Entry Interests are shown on, and transfers thereof are effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees), as applicable, are considered the sole holders of the Global Notes for all purposes under the Indenture. Accordingly, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the “Definitive Registered Notes”), and to distribute such Definitive Registered Notes to their participants.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the relevant Paying Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Principal Paying Agent; the Paying Agent will, in turn, make such payments to the common depositary or its nominee for Euroclear and Clearstream. Euroclear and Clearstream will distribute such payments to participants in accordance with their respective customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we, the Trustee and the Paying Agents will treat the registered holders of the Global Notes (e.g. Euroclear or Clearstream (or their respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee and the Paying Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream in euro.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture governing the Notes.

Each Global Note will bear a legend to the effect set forth under "Transfer Restrictions." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Transfer Restrictions." Transfers of Book-Entry Interests to persons wishing to take delivery of Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "Description of the Notes—Transfer" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests are subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the initial purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the LxSE and admitted for trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, any Guarantor, the Trustee or the relevant Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAXATION

Taxation in the Grand Duchy of Luxembourg

The following information is of a general nature only and based on the laws presently in force in the Grand Duchy of Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. This information does not take into account the specific circumstances of particular investors. Prospective investors should consult their own professional advisors as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used in sub-headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayer's resident in the Grand Duchy of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Holders of Notes

Withholding Tax

Non-resident holders of Notes

Under Luxembourg general tax laws currently in there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Resident Holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is resident in the Grand Duchy of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to withholding tax of 20%.

Income Taxation

Non-Resident Holders of Notes

Non-resident holders of Notes, not having a permanent establishment, a permanent representative, or a fixed place of business in the Grand Duchy of Luxembourg to which/whom the Notes or income therefrom are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discount, under the Notes nor on capital gains realized on the disposal or redemption of the Notes. Non-resident, corporate holders of Notes or individual holders of Notes acting in the cause of the management of a professional or business undertaking, who have a permanent establishment, a permanent representative, or a fixed place of business in the Grand Duchy of Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal, in any form whatsoever, of the Notes.

Resident Holders of Notes

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Notes acting in the course of the management of a professional or business undertaking. If applicable, the tax levied in accordance with the Law will be credited against the final tax liability of an individual holder of Notes.

A holder of Notes that is governed by the law of May 11, 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialized investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in article 48 thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual holder of the Notes has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

Net Wealth Taxation

An individual holder of Notes, whether he/she is resident of the Grand Duchy of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

A resident corporate holder of Notes or non-resident corporate holder of Notes that maintains a permanent establishment, permanent representative or a fixed place of business in the Grand Duchy of Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if such holder is governed by the law of May 11, 2007 on family estate management companies, as amended, or by the law of December 17, 2010 on undertakings for collective investment, as amended, or by the law of February 13, 2007 on specialized investment funds, as amended, by the law of 23 July 2016 on reserved alternative investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitization, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended. Please, however, note that securitization companies governed by the law of 22 March 2004 on securitization, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

However, a fixed or *ad valorem* registration duty may be due upon the registration of the Notes in the Grand Duchy of Luxembourg in the case where the Notes are physically attached (*annexés*) to a public deed or to any other document subject to mandatory registration in the Grand Duchy of Luxembourg, or in case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of the Grand Duchy of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or registered in the Grand Duchy of Luxembourg.

U.S. Taxation

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) partnerships, pass-through entities or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar; (x) U.S. expatriates and former long-term residents of the United States and (xi) holders that directly, indirectly or constructively own 10% or more of the total combined voting power of all classes of voting stock of the Issuer or the Company), all of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, the Medicare tax on certain investment income or non-U.S., state or local tax considerations and does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their "issue price" (generally, the first price to the public at which a substantial amount of Notes is sold for money). This summary assumes that investors will hold their Notes as "capital assets" (generally, property held for investment). It is expected, and this summary assumes, that the Notes will be issued at a price that does not result in original issue discount for U.S. federal income tax purposes. The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that acquires, holds or disposes of the Notes will depend on the status of the partner and the activities of the partnership. Partnerships, and partners in such partnerships, should consult their own tax advisors concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes.

For the purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) that is created in, or organized under the laws of, the United States or any state thereof, and the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or if it has properly elected under applicable U.S. Treasury regulations to be treated as a U.S. person.

Payments of Interest

Payments of stated interest on a Note (including payments of any additional amounts and any taxes withheld on such payments) will be taxable to a U.S. Holder as ordinary income at the time received or accrued, in accordance with the holder's method of accounting for U.S. federal income tax purposes. In the case of the Notes, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the euro interest payment, including any additional amount, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the U.S. Holder's taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the U.S. Holder's taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service ("IRS").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in euro, an accrual basis U.S. Holder will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the U.S. dollar value of the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

For the purposes of the U.S. foreign tax credit rules, interest (including additional amounts) paid by the Issuer on the Notes generally should constitute income from sources outside the United States. Non-U.S. withholding tax, if any, imposed on a U.S. Holder would, subject to limitations and conditions and at the election of such holder, be treated as foreign income tax eligible for credit against such holder's U.S. federal income tax liability or a deduction in computing taxable income, to the extent such tax is not otherwise refundable. U.S. Holders are urged to consult their tax advisors regarding the creditability or deductibility of any withholding taxes for foreign tax credit purposes.

In certain circumstances, the Issuer has the option to redeem all or a portion of the Notes on certain dates or events (see "Description of the Notes—Optional Redemption" and "Description of the Notes—Redemption upon Changes in Withholding Tax"). In addition, upon the occurrence of certain change in control events, a holder may be entitled to require the Issuer to repurchase the Notes at a premium (see "Description of the Notes—Repurchase at the Option of Holders—Change of Control"). We believe that none of the contingencies applicable to the Notes should cause the Notes to be treated as "contingent payment debt instruments" for U.S. federal income tax purposes, and this disclosure assumes that this is correct.

Sale, Exchange and Redemption of Notes

Generally, upon the sale, exchange or redemption of a Note (including any other taxable disposition), a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, or redemption (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of such Note to such U.S. Holder reduced by any principal payments previously received. A U.S. Holder's tax basis in a Note will be determined by reference to the U.S. dollar cost of the Notes. The U.S. dollar cost of a Note purchased with a foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Except to the extent attributable to accrued but unpaid interest, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or redemption the Note has been held by such U.S. Holder for more than one year, and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. The amount realized on a sale or other disposition of the Note for an amount in foreign currency will be the U.S. dollar value of the foreign currency on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, disposed of by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the disposition. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. In the case of a U.S. Holder that is an individual, estate or trust, the maximum federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Information Reporting and Backup Withholding

In general, payments of principal and interest on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders (including, among others, corporations) are not subject to information reporting and backup withholding. Backup withholding is not an additional tax. A U.S. Holder can claim a credit against its U.S. federal income tax liability, or a refund, for amounts withheld under the backup withholding rules by timely filing appropriate U.S. tax returns.

A U.S. Holder must report a sale or other taxable disposition of a Note to the IRS if it recognizes a foreign currency exchange loss from a single transaction of at least U.S.$50,000 (in the case of an individual or trust) in a single taxable year, or in other cases, at various higher thresholds. U.S. Holders that recognize foreign currency exchange losses on the Notes are urged to consult their tax advisors.

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold) generally are required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following (but only if they are not held in accounts maintained by certain financial institutions): (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties, and (iii) interests in foreign entities.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISORS ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing such ERISA Plan.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "Plans")) and certain persons (referred to as "parties in interest" (as defined in Section 3(14) of ERISA) or "disqualified persons" (as defined in Section 4975(e)(2) of the Code)) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and/or liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause such Plan to purchase or hold the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such purchase or holding, and to confirm that such purchase or holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

Non-U.S. plans (as described in Section 4(b)(4) of ERISA), "governmental plans" (as defined in Section 3(32) of ERISA) and certain "church plans" (as defined in Section 3(33) of ERISA, that have not made elections under Section 410(d) of the Code), while generally not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA or the Code ("Similar Laws"). Fiduciaries of any such plans should consult with their counsel with respect to the purchase or holding of the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any Similar Laws.

Prohibited Transaction Class Exemptions

The fiduciary of a Plan that proposes to purchase or hold any of the Notes should consider, among other things, whether such purchase or holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the Guarantors, initial purchasers, the Trustee or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of such Plan, Section 408(b)(17) of ERISA, Section 4975(d)(20) of the Code or U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Plan Asset Regulation

The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "Plan Asset Regulation"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in the form of debt may be considered an equity interest if it has substantial equity features. If the Issuer was deemed under the Plan Asset

Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "Benefit Plan Investors" is not significant, then the "look-through" rule will not apply to such entity. The term "Benefit Plan Investors" is defined in the Plan Asset Regulation to include (1) any employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (2) any plan described in Section 4975(e)(1) of the Code, and (3) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, exercising control over the assets of the entity or providing investment advice to the entity for a fee or any affiliates of such persons) is held by Benefit Plan Investors. If, as a result of any investment, 25% or more of the value of any class of equity interests in the Issuer is being held by Benefit Plan Investors, the applicable Notes may be redeemed by the Issuer.

Representations

By its purchase or acquisition of the Notes, each purchaser and transferee thereof will be deemed to have represented and warranted that:

(i) either (A) it is not a Plan, is not acting on behalf of a Plan and no assets of a Plan or non-U.S., governmental or church plan subject to Similar Laws have been used to acquire such Notes or an interest therein, or (B) the acquisition, holding and disposition of such Notes or an interest therein by such person do not and will not constitute a non-exempt prohibited transaction under ERISA, or the Code, or a violation of Similar Laws; and

(ii) it shall not sell or otherwise transfer such Notes, unless the subsequent transferee has made the representation and warranty in (i) above.

In addition, each Benefit Plan Investor who purchases the Notes, or any beneficial interest therein, including any fiduciary purchasing such Notes on behalf of a Benefit Plan Investor ("Plan Fiduciary") will be deemed to represent that (i) none of the Issuer, the Guarantors, initial purchasers, the Trustee or any other party to the transactions contemplated by this Listing Prospectus or any of their respective affiliated entities (the "Transaction Parties"), has provided or will provide advice with respect to the acquisition of the Notes by the Benefit Plan Investor and the Plan Fiduciary either: (A) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the "Advisers Act"), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (B) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan Investor; (C) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (D) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (E) has, and at all times that the Benefit Plan Investor is invested in the Notes will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (E) shall not be satisfied if the Plan Fiduciary is either (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in the Notes in such capacity); (ii) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of the Notes; (iii) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, is independent of the Transaction Parties and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of the Notes; (iv) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in the Notes or to negotiate the terms of the Benefit Plan Investor's investment in the Notes; (v) no fee or other compensation is being paid directly to any of the Transaction Parties by the Benefit Plan Investor or the Plan Fiduciary for investment advice (as opposed to other services) in connection with the Benefit Plan Investor's acquisition of the Notes; and (vi) the Plan Fiduciary has been informed by the Transaction Parties: (A) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of the Notes; and (B) of the existence and nature of the Transaction Parties' financial interests in the Benefit Plan Investor's acquisition of such Notes. The above representations in this paragraph are intended to comply with the Department of Labor's regulation, Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997); if these regulations are revoked, repealed or no longer effective, such representations shall be deemed to be no longer in effect.

The preceding summary regarding certain aspects of ERISA and the Code is based on ERISA and the Code, judicial decisions and U.S. Department of Labor and IRS regulations and rulings that are in existence on the date of this

Listing Prospectus. This summary is general in nature and does not address every issue pertaining to ERISA, the Code or Similar Laws that may be applicable to us, the Notes or a particular investor. Accordingly, each prospective investor in the Notes, including Plan fiduciaries (and fiduciaries for non-U.S., governmental or church plans subject to Similar Laws), should consult with its legal advisor concerning the potentially adverse consequences of such investment under ERISA, the Code or Similar Laws and the possible effects of changes in the applicable laws.

PLAN OF DISTRIBUTION

The Issuer, Guarantors and the initial purchasers have entered into a purchase agreement dated as of September 13, 2017 ("Purchase Agreement"), under the terms and conditions of which the Issuer has agreed to sell the Notes to the initial purchasers, and, subject to certain conditions contained therein, the initial purchasers have, severally and not jointly, agreed to purchase the principal amount of the Notes. The initial purchasers are: Morgan Stanley & Co. International plc, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Nomura International plc and Société Générale.

The Purchase Agreement provides that the obligation of the initial purchasers to purchase the Notes is subject to approval of legal matters by counsel and to other conditions.

The Issuer and the Guarantors, severally and jointly, have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

The initial purchasers have agreed to resell the Notes (a) to QIBs in reliance on Rule 144A and (b) to non-U.S. persons outside the United States in compliance with Regulation S. See "Notice to Investors". The Notes will initially be offered at the price indicated on the cover page hereof. Depending on market conditions, the Initial Purchaser may decide to initially purchase and hold a portion of the Notes for their own account. The price at which the Notes are offered may be changed at any time without notice. The initial purchasers may make offers and sales into the United States through their U.S. registered broker dealer affiliates.

Morgan Stanley & Co. International plc, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Nomura International plc and Société Générale are not U.S. registered broker-dealers. To the extent that any of Morgan Stanley & Co. International plc, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Nomura International plc and Société Générale intend to effect any sales of the Notes in the United States, they will do so through Morgan Stanley & Co. LLC, BNP Paribas Securities Services Corp., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Nomura Securities Inc. and SG Americas Securities LLC, respectively, or one or more other U.S. registered broker-dealers as permitted by FINRA regulations.

Delivery of the Notes was made against payment therefore on September 20, 2017 which was the fifth business day following the date of pricing of the Notes (such settlement being referred to as "T+5").

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A. Under the Purchase Agreement, we have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer or any of the Guarantors or affiliates that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date 120 days after the date of the Purchase Agreement.

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State"), the initial purchasers have represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), they have not made and will not make an offer of Notes which are the subject of the offering contemplated by this Listing Prospectus to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of the above, the expression an "offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any to be offered so as to enable an investor to decide to purchase any Notes, as the expression may be varied in that Relevant Member State by any measure implementing the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The initial purchasers have represented and agreed that any Notes will only be offered in the Netherlands to qualified investors as defined in the Financial Supervision Act (*Wet op het financieel toezicht*).

The Notes constitute a new class of securities with no established trading market. The Issuer has applied to have the Notes listed on the LxSE. The Issuer cannot assure you that the prices at which the Notes will sell in the market after the offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The initial purchasers have advised the Issuer that they currently intend to make a market in the Notes. However, the initial purchasers are not obligated to do so, and they may discontinue any market making activities with respect to a tranche of Notes at any time without notice. In addition, market making activity will be subject to the limits imposed by the Exchange Act and may be limited. Accordingly, the Issuer cannot make any assurance that a liquid market will develop for a tranche of Notes, that any purchaser will be able to sell its Notes at a particular time or that the prices that a purchasers receives when its sells will be favorable.

In connection with the offering, the initial purchasers are engaged by and on the behalf of solely the Issuer and the Guarantors and will not be responsible to anyone other than the Issuer and the Guarantors for providing the protections afforded to its clients nor for providing advice in relation to the offering.

Buyers of the Notes sold by the initial purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set forth on the cover of the offering memorandum.

The initial purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve Purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the initial purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by that broker-dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The initial purchasers are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans, credit facilities, and/or credit default swaps and which may be secured or unsecured) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

TRANSFER RESTRICTIONS

The Notes and Guarantees have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons who are outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to Rule 144A.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

i) It understands and acknowledges that the Notes and the Guarantees have not been registered under the U.S. Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the applicable conditions for transfer.

ii) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor or acting on behalf of the Issuer or any Guarantor and it is either:

- a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or

- a non-U.S. person not purchasing for the account or benefit of a U.S. person and is purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

iii) It acknowledges that neither the Issuer, the Guarantors nor the initial purchasers, nor any person representing the Issuer, the Guarantors or the initial purchasers, have made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in the Offering Memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the initial purchasers nor any person representing the initial purchasers makes any representation or warranty as to the accuracy or completeness of the information contained in the Offering Memorandum. It also acknowledges it has had access to such financial and other information concerning us, the Issuer, the Guarantors, the Indenture, the Notes, the Guarantees and the security documents as it deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer, the Guarantors and the initial purchasers.

iv) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

Each holder of Notes issued in reliance on Rule 144A agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of the issue date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, the Guarantors, or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

Each purchaser of a Note issued in reliance on Rule 144A represents and warrants that (i) either (A) it is not an "employee benefit plan" subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") or an entity that is deemed to hold the assets of such plans (collectively, "ERISA Plans") or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), such as an individual retirement account (together with ERISA Plans, "Plans"), is not acting on behalf of a Plan and no assets of a Plan or non-U.S. plan, "governmental plan" (as defined in Section 3(32) of ERISA) or "church plan" (as defined in Section 3(33) of ERISA that has not made elections under Section 410(d) of the Code) that is subject to non U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA or the Code ("Similar Laws") have been used to acquire such Notes or an interest therein or (B) the acquisition, holding and disposition of such Notes or an interest therein by it does not and will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Laws and (ii) it will not sell or otherwise transfer such Notes, unless the subsequent transferee has made the representation and warranty in (i) above.

In addition, each Benefit Plan Investor who purchases the Notes, or any beneficial interest therein, including any Plan Fiduciary, will be deemed to represent, at any time when regulation 29 C.F.R. Section 2510.3-21(c)(1), as modified in 2016, continues to be in effect, that (i) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of such Notes by the Benefit Plan Investor and the Plan Fiduciary either: (A) is a bank as defined in Section 202 of the Advisers Act, or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (B) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan Investor; (C) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (D) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (E) has, and at all times that the Benefit Plan Investor is invested in such Notes will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (E) shall not be satisfied if the Plan Fiduciary is either (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in such Notes in such capacity); (ii) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of such Notes; (iii) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, is independent of the Transaction Parties and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of such Notes; (iv) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in such Notes or to negotiate the terms of the Benefit Plan Investor's investment in such Notes; (v) no fee or other compensation is being paid directly to any of the Transaction Parties by the Benefit Plan Investor or the Plan Fiduciary for investment advice (as opposed to other services) in connection with the Benefit Plan Investor's acquisition of the Notes; and (vi) the Plan Fiduciary has been informed by the Transaction Parties: (A) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the Benefit Plan Investor's acquisition of such Notes; and (B) of the existence and nature of the Transaction Parties' financial interests in the Benefit Plan Investor's acquisition of such Notes.

Each purchaser acknowledges that each Note issued in reliance on Rule 144A will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS, OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE

PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THE HOLDER AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT (I) EITHER (A) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR AN ENTITY THAT IS DEEMED TO HOLD THE ASSETS OF SUCH PLANS (COLLECTIVELY, "ERISA PLANS") OR A PLAN SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), SUCH AS AN INDIVIDUAL RETIREMENT ACCOUNT (TOGETHER WITH ERISA PLANS, "PLANS"), IS NOT ACTING ON BEHALF OF A PLAN AND NO ASSETS OF A PLAN OR NON-U.S. PLAN, "GOVERNMENTAL PLAN" (AS DEFINED IN SECTION 3(32) OF ERISA) OR "CHURCH PLAN" (AS DEFINED IN SECTION 3(33) OF ERISA, THAT HAS NOT MADE ELECTIONS UNDER SECTION 410(D) OF THE CODE) SUBJECT TO NON-U.S., STATE, LOCAL OR OTHER FEDERAL LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FOREGOING PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS") HAVE BEEN USED TO ACQUIRE THIS SECURITY OR AN INTEREST HEREIN OR (B) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY OR AN INTEREST HEREIN BY IT DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAWS AND (II) IT WILL NOT SELL OR OTHERWISE TRANSFER THIS SECURITY, UNLESS THE SUBSEQUENT TRANSFEREE HAS MADE THE REPRESENTATION AND WARRANTY IN (I) ABOVE.

IN ADDITION, BY ITS ACQUISITION AND HOLDING OF THIS SECURITY, EACH HOLDER OF THIS SECURITY OR ANY INTEREST HEREIN THAT IS A BENEFIT PLAN INVESTOR (AS DEFINED BELOW), INCLUDING ANY FIDUCIARY PURCHASING THIS SECURITY ON BEHALF OF A BENEFIT PLAN INVESTOR ("PLAN FIDUCIARY") WILL BE DEEMED TO REPRESENT AND WARRANT, AT ANY TIME WHEN REGULATION 29 C.F.R. SECTION 2510.3-21(c)(1), AS MODIFIED IN 2016, CONTINUES TO BE IN EFFECT, THAT (I) NONE OF THE ISSUER, THE GUARANTORS, INITIAL PURCHASERS OR TRUSTEE OR ANY OTHER PARTY TO THE TRANSACTIONS CONTEMPLATED BY THE OFFERING MEMORANDUM OR ANY OF THEIR RESPECTIVE AFFILIATED ENTITIES (THE "TRANSACTION PARTIES"), HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF THIS SECURITY BY THE BENEFIT PLAN INVESTOR AND THE PLAN FIDUCIARY EITHER: (A) IS A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940 (THE "ADVISERS ACT"), OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (B) IS AN INSURANCE CARRIER WHICH IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A BENEFIT PLAN INVESTOR; (C) IS AN INVESTMENT ADVISER REGISTERED UNDER THE ADVISERS ACT, OR, IF NOT REGISTERED AS AN INVESTMENT ADVISER UNDER THE ADVISERS ACT BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE ADVISERS ACT, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (D) IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (E) HAS, AND AT ALL TIMES THAT THE BENEFIT PLAN INVESTOR IS INVESTED IN THIS SECURITY WILL HAVE, TOTAL ASSETS OF AT LEAST U.S. $50,000,000 UNDER ITS MANAGEMENT OR CONTROL (PROVIDED THAT THIS CLAUSE (E) SHALL NOT BE SATISFIED IF THE PLAN FIDUCIARY IS EITHER (1) THE OWNER OR A RELATIVE OF THE OWNER OF AN INVESTING INDIVIDUAL RETIREMENT ACCOUNT OR (2) A PARTICIPANT OR BENEFICIARY OF THE BENEFIT PLAN

INVESTOR INVESTING IN THIS SECURITY IN SUCH CAPACITY); (II) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING THE ACQUISITION BY THE BENEFIT PLAN INVESTOR OF THIS SECURITY; (III) THE PLAN FIDUCIARY IS A “FIDUCIARY” WITH RESPECT TO THE BENEFIT PLAN INVESTOR WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, IS INDEPENDENT OF THE TRANSACTION PARTIES AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE BENEFIT PLAN INVESTOR’S ACQUISITION OF THIS SECURITY; (IV) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE BENEFIT PLAN INVESTOR TO INVEST IN THIS SECURITY OR TO NEGOTIATE THE TERMS OF THE BENEFIT PLAN INVESTOR’S INVESTMENT IN THIS SECURITY; (V) NO FEE OR OTHER COMPENSATION IS BEING PAID DIRECTLY TO ANY OF THE TRANSACTION PARTIES BY THE BENEFIT PLAN INVESTOR OR THE PLAN FIDUCIARY FOR INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH THE BENEFIT PLAN INVESTOR’S ACQUISITION OF THIS SECURITY; AND (VI) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES: (A) THAT NONE OF THE TRANSACTION PARTIES IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, AND THAT NO SUCH ENTITY HAS GIVEN INVESTMENT ADVICE OR OTHERWISE MADE A RECOMMENDATION, IN CONNECTION WITH THE BENEFIT PLAN INVESTOR’S ACQUISITION OF THIS SECURITY; AND (B) OF THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES’ FINANCIAL INTERESTS IN THE BENEFIT PLAN INVESTOR’S ACQUISITION OF THIS SECURITY. “BENEFIT PLAN INVESTOR” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY.

Each purchaser acknowledges that each Note issued in reliance on Regulation S will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, DURING THE DISTRIBUTION COMPLIANCE PERIOD, WHICH IS THE 40-DAY PERIOD COMMENCING ON THE LATER OF THE DATE OF COMMENCEMENT OF THE DISTRIBUTION OF THE NOTES AND THE DATE OF THE ORIGINAL ISSUE OF THE NOTES ONLY (A) TO THE ISSUER, THE GUARANTORS, OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER’S AND THE TRUSTEE’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THE HOLDER AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made in accordance with Rule 144A under the U.S. Securities Act.

It acknowledges that the Registrar will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the initial purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Listing Prospectus or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "Plan of Distribution."

It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it will promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Allen & Overy LLP as to matters of United States federal and New York law and English law, by Allen & Overy S.C.S. as to Luxembourg law and by Pantelakis Skaltsas as to Greek law. Certain legal matters in connection with this offering will be passed upon for the initial purchasers by Shearman & Sterling (London) LLP as to matters of United States federal and New York law, by Zepos & Yannopoulos as to Greek law and by NautaDutilh Avocats Luxembourg as to Luxembourg law.

INDEPENDENT AUDITORS

The independent auditors of the Company for the years ended December 31, 2014, 2015 and 2016, as well as for the six month periods ended June 30, 2016 and 2017 were S.O.L. S.A., 3, Fokionos Negri Str., 11257 Athens, Greece and Grant Thornton Greece S.A. Chartered Accountants Management Consultants, 56, Zefirou str., 17564 Palaio Faliro, Greece.

S.O.L. S.A. and Grant Thornton Greece SA have audited our consolidated financial statements as of and for the years ended December 31, 2014, 2015 and 2016, as well as have reviewed our consolidated financial statements as of and for the six month periods ended June 30, 2016 and 2017 according to regulations for listed companies in Greece adopting ISAs. Our consolidated financial statements as of and for the years ended December 31, 2014, 2015 and 2016, as well as for the six month periods ended June 30, 2016 and 2017 were prepared on the basis of IFRS as adopted by the EU. S.O.L. S.A. is a member of the Institute of Certified Public Accountants of Greece (SOEL), as well as Certified and Founding Members of the IFAC (International Federation of Accountants). S.O.L. S.A. and Grant Thornton Greece S.A. are also under the oversight of the Greek Public Oversight Board (ELTE), which is a member of the European Group of Auditors Oversight Bodies (EGAOB). Grant Thornton Greece S.A. is a member of SOEL and the Public Company Accounting Oversight Board (PCAOB).

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is a limited liability company organized under the laws of the Hellenic Republic. The Issuer is a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg. In addition, most Subsidiary Guarantors are, and future Subsidiary Guarantors may also be, organized under the laws of non-U.S. jurisdictions. All of the members of the Issuer's and Company's board of directors and substantially all of the directors and officers of the Subsidiary Guarantors are non-residents of the United States. Holders of the Notes may, therefore, be unable to effect service of process within the United States on the Issuer, the Guarantors or their respective directors and executive officers. In addition, as many of the Issuer's and the Guarantors' assets and the assets of their directors and executive officers are located outside of the United States, holders of the Notes may be unable to enforce against them judgments obtained in the U.S. courts predicated on civil liability provisions of the federal securities laws of the United States.

Even though the enforceability of U.S. court judgments outside the United States is described below for the Grand Duchy of Luxembourg and Greece, investors should consult with their own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States. In particular, certain jurisdictions in which the Subsidiary Guarantors are incorporated may not have a treaty for the mutual enforcement of court judgments with the United States, which may make it difficult or impossible to effect service of process upon such Guarantor.

Grand Duchy of Luxembourg

The Issuer has been advised by Allen & Overy S.C.S. (*inscrite au barreau de Luxembourg*), its Luxembourg counsel, that, although there is no treaty between the Grand Duchy of Luxembourg and the United States regarding the reciprocal enforcement of judgments, a valid final and conclusive judgment against a company of Luxembourg nationality with respect to the Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be recognized and enforced through a court of competent jurisdiction of Luxembourg subject to compliance with the enforcement procedures set out in Articles 678 *et seq*. of the Luxembourg *Nouveau code de procédure civile* being, together with applicable Luxembourg case law:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is final and enforceable in the jurisdiction where the decision is rendered;
- the U.S. Court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. Court has acted in accordance with its own procedural laws;
- the judgment was granted following proceedings where the counterparty had the opportunity to appear, and if appeared, to present a defence;
- the decision of the U.S. Court must not have been obtained by fraud; and
- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*).

The Issuer has been also advised by Allen & Overy S.C.S. (*inscrite au barreau de Luxembourg*) that if an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law if the choice of the foreign law was not made *bona fide* or if the foreign law was not pleaded and proved or if pleaded and proved, the foreign law was contrary to Luxembourg mandatory provisions (*lois impératives*) or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

Greece

The United States and Greece currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters, other than arbitration awards. Enforceability of arbitration awards issued in the United States is regulated by the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards ratified by Greek Law 4220/1961) and the special provisions (mainly article 6 par. 1&2) of the

Friendship, Commerce and Navigation Treaty entered into between the United States and Greece on 3 August 1956, ratified by Greek Law 2853/1994. See "—2. Enforcement of arbitration awards issued in the United States." below.

1. Enforcement of judgments of U.S. courts in Greece is governed solely by the provisions of the Greek Code of Civil Procedure (articles 905 and 323).

Enforcement of a foreign judgment may be carried out in Greece as from the time it has been declared to be enforceable by a decision issued by the Single-Member Court of First Instance in the district where the debtor is domiciled or resides; failing this, by a decision of the Single-Member Court of First Instance of Athens. The court's decision is subject to appeal.

Courts shall declare a foreign order (as defined below) to be enforceable provided that:

- Such instrument is enforceable according to the law of the jurisdiction where it was issued. The order must be enforceable in the foreign state at the time when enforcement is sought in Greece.

- It is not contrary to good morals *(boni mores)* and public policy.

A "foreign order" (instrument) may either be a court decision or any other similar instrument provided that it is binding and enforceable pursuant to the laws of the foreign state, i.e. it has been issued by a person or authority that had such competence.

According to the relevant provisions, if the foreign order is a court decision, it can be declared enforceable provided that the following further conditions are met (excepting the conditions above):

- The foreign court having issued the decision must have had jurisdiction over the case according to Greek law.

- The defeated litigant party should not have been deprived of its right of defense and generally its right to participate in the proceedings.

- The foreign judgment should not contradict any other Greek judgment between the same litigating parties arising from the same dispute (i.e., is not *res judicata).*

If the above conditions are cumulatively met, a final judgment for payment awarded by a court in the United States can be recognized and declared enforceable in Greece.

2. Enforcement of arbitration awards issued in the United States.

In accordance with the provisions of the New York Convention, enforcement of a foreign arbitration award may be carried out in Greece as from the time it has been declared to be enforceable by a decision issued by the Single-Member Court of First Instance in the district where the debtor is domiciled or resides; failing this, by a decision of the Single-Member Court of First Instance of Athens. The court's decision is subject to appeal.

Greek Courts shall declare a foreign arbitration award issued in the United States to be enforceable provided that:

- The party applying for recognition and enforcement shall, at the time of the application, supply:

(a) The duly authenticated original award or a duly certified copy thereof;

(b) The original arbitration agreement or a duly certified copy thereof.

- The dispute should arise out of legal relationships, whether contractual or not, which is considered as commercial under the Greek Law.

- The dispute should be capable of settlement by arbitration under the Greek law.

- The recognition or enforcement of the award should not be contrary to the public policy of Greece.

Recognition and enforcement of the award may be refused on the following grounds:

- If the parties to the arbitration agreement were, under the law applicable to them, under some incapacity.

- If the arbitration agreement was not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made.

- If the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case.

- If the award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration.

- If the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place.

- If the arbitration award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made. The Friendship, Commerce and Navigation Treaty requires that the following conditions are met so that an arbitration award issued in the United States is declared enforceable in Greece, as per the prvedure described above:

- The arbitration award is final and enforceable under the laws of the United States; and

- The arbitration award does not run contrary togood morals and public policy.

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application has been made for the Notes to be admitted to trading on the Euro MTF Market and to listing on the Official List of the LxSE, in accordance with the rules and regulations of such exchange.

The Notes

Transactions will normally be effected for settlements in euro and for delivery on the third business day after the day of the transaction.

For so long as the Notes are listed on the Official List of the LxSE, the Notes will be freely transferable and negotiable in accordance with the rules and regulations of the LxSE.

Holders of the Notes should note that the Trustee may act, or not act, and rely on certificates or reports provided by the auditors of the Company, whether or not addressed to the Trustee and whether or not any such certificate or report is subject to any limit on the liability of such auditors (whether by reference to a monetary cap or by reference to the methodology to be employed in producing the same), and shall have no liability to holders of the Notes for doing so.

The yield of the Notes is 5.250% on an annual basis. The yield is calculated as at the closing date on the basis of the issue price. It is not an indication of future yield.

Listing Information

For so long as the Notes are listed on the Official List of the LxSE and are admitted to trading on the Euro MTF Market and the rules and regulations of the LxSE require, copies of the following documents may be inspected and obtained free of charge at the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the organizational documents of the Issuer, the Company and the Subsidiary Guarantors;
- the Consolidated Historical Financial Information included in this Listing Prospectus;
- any annual financial statements or accounts of the Issuer, to the extent available; and
- the Indenture (which includes the form of the Notes and the Guarantees).

The Issuer has appointed Citibank, N.A., London Branch as principal paying agent, transfer agent and paying agent (and Citigroup Global Markets Deutschland AG as registrar) to make payments on, when applicable, and transfers of, the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and will publish notice of such change of appointment in a newspaper having a general circulation in the Grand Duchy of Luxembourg (which is currently expected to be the *Luxemburger Wort*) or on the official website of the LxSE (www.bourse.lu).

The Issuer will maintain a paying and transfer agent in the Grand Duchy of Luxembourg for so long as any of the Notes are listed on the LxSE. The Issuer reserves the right to vary such appointment and will publish notice of such change of appointment in a newspaper having a general circulation in the Grand Duchy of Luxembourg or on the official website of the LxSE (www.bourse.lu). So long as the Notes are listed on the LxSE, the Issuer will maintain a paying and transfer agent in the Grand Duchy of Luxembourg.

The Issuer accepts responsibility for the information contained in this Listing Prospectus. The Issuer declares that, to the best of its knowledge, except as otherwise noted, the information contained in this Listing Prospectus is in accordance with the facts and does not omit anything likely to affect the import of this Listing Prospectus. This Listing Prospectus may only be used for the purposes for which it has been published.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream under Common Codes 168570279 and 168570457, respectively. The international securities identification number (the "ISIN") for the Notes sold pursuant to Regulation S is XS1685702794 and the ISIN for the Notes sold pursuant to Rule 144A is XS1685704576.

Approval

The Notes were authorized by virtue of a resolution of the board of directors of the Issuer on September 7, 2017.

Significant Change of the Intralot Group

Except as disclosed in this Listing Prospectus:

- there has been no material adverse change in our financial condition since June 30, 2017; and
- none of our companies has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as the Issuer or the Company is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

General Information About the Issuer

Business Activity

Pursuant to Article 4 of the Articles of Incorporation of the Issuer, dated April 22, 2014, the Issuer's objective is to, among other things, borrow in any form; issue notes, bonds and any kind of debt and equity securities; lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies.

Administrative, Management and Supervisory Bodies

The issuer is managed by its board of directors. For further information, see "Management—Intralot Capital Luxembourg S.A."

None of the persons referred to above has declared that there are potential conflicts of interest between any duties to the Issuer and their private interests and/or other duties.

Financial Statements and Statutory Auditors

The statutory auditor of the Issuer is Grant Thornton Lux Audit Société Anonyme, having its registered office at 89A, Pafebruch, L- 8308 Capellen, (Luxembourg), belonging to the Luxembourg institute of registered auditors (Institut des Réviseurs d'Entreprises) and being supervised by the CSSF (Commission de Surveillance du Secteur Financier).

The audited annual financial statements of the Issuer will be prepared as of December 31 of each year, with the first set of accounts prepared by the Issuer for the period ended December 31, 2014. All annual financial statements of the Issuer are available free of charge in accordance with "—Admission to Trading and Listing—Listing Information" above.

The balance sheet of the Issuer according to IFRS as of June 30, 2017 is set forth below.

Assets		Equity and liabilities	
Long term receivables..............	€485,688,664	Share capital	€31,000
Short term receivables	€11,615,772	Share premium.........................	€2,000,000
Cash and cash equivalents	€61,879	Retained Earnings....................	€1,072,930
		Long term debt	€486,907,363
		Deferred tax liability................	€129,183
		Short term payables	€793,869
		Short term debt	€6,354,771
		Income tax payable..................	€77,199
Total assets	**€497,366,315**	**Total equity and liabilities**......	**€497,366,315**

Trend Information

There has been no material adverse change in the prospects of the Issuer since December 31, 2016.

Legal and Arbitration Proceedings

Except as otherwise disclosed in this Listing Prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Listing Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

Significant Change in the Financial or Trading Position of the Issuer

There has been no significant change in the financial or trading position of the Issuer since December 31, 2016.

General Information About the Guarantors

1. The company under the trade name "Intralot S.A. Integrated Lottery Systems and Services" and with distinctive title "Intralot" (Intralot S.A.) is a public limited liability company (*société anonyme*) organized under the laws of the Hellenic Republic. Its registration number with the General Commercial Registry is 818201000 and with the Companies Registry 27074/06/B/92/9. The registered office of Intralot S.A. is 64 Kifissias Avenue & 3 Premetis Street, Maroussi, Athens, Greece. Intralot has a share capital of €47,688,516.30, consisting of 158,961,721 registered shares. Intralot's shares are listed on the Main Market of the Athens Exchange. The board of directors of Intralot are Socrates Kokkalis, Constantinos Antonopoulos, Antonios Kerastaris, Konstantinos Kokkalis, Dimitrios Klonis, Petros Souretis, Sotirios Filos, Anastasios Tsoufis, and Yannis Tsoukaridis. According to Article 2 of its articles of association, its corporate purpose includes, among other things, the production, management, operation and promotion of the Instant Lottery (*Stigmieo Lahio*) within the scope and according to the requirements laid down by applicable legislation from time to time, the organization, promotion and operation of other similar lottery systems abroad provided this is allowed by applicable law; and the management, promotion and operation of other similar systems of lotteries and/or other lucky games abroad, provided this is allowed by applicable law.

2. The company under the trade name "Betting Organization, Operation, and Promotion Company S.A." and with distinctive title "Betting Company S.A." (Betting Company S.A.) is a limited liability company (*société anonyme*) organized under the laws of the Hellenic Republic. Its registration number with the General Commercial Registry is 2922401000 and with the Companies Registry 40548/01AT/B/98/130. The registered office of Betting Company S.A. is 64 Kifissias Avenue & 3 Premetis Street, Maroussi, Athens, Greece. Betting Company S.A. has a share capital of €146,750.00, consisting of 5,000 registered shares. The board of directors of Betting Company S.A. is comprised of Antonios Kerastaris, Nikolaos Pavlakis, and Athanasios Chronas. According to Article 2 of its articles of association, its corporate purpose includes, among other things, the organization and operation of betting games of fixed and variable yield, in accordance with the provisions of presidential decree 250/97, through the use of any media, including telephony, internet as well as any other, electronic or otherwise, telecommunication medium as well as the support and promotion of such betting in Greece and abroad.

3. The company under the trade name "Intralot Interactive S.A." and with distinctive title "Intralot Interactive" (Intralot Interactive S.A.) is a limited liability company (*société anonyme*) organized under the laws of the Hellenic Republic. Its registration number with the General Commercial Registry is 128446201000 and with the Companies Registry 67884/01AT/B/09/113. The registered office of Intralot Interactive is 64 Kifissias Avenue & 3 Premetis Street, Maroussi, Athens, Greece. Intralot Interactive has a share capital of €370,000.00 consisting of 3,700 registered shares. The board of directors of Intralot Interactive is comprised of Antonios Kerastaris, Socrates S. Kokkalis, Nikolaos Nikolakopoulos, George Koliastasis and Athanasios Chronas. According to Article 2 of its articles of association, its corporate purpose includes, among other things, the organization, promotion, management and operation of any type of lottery or other games, interactively, through alternative networks or means, including but not limited to digital television, ground and/or satellite, mobile telephony and internet, under the then-effective terms of the law in Greece and/or abroad.

4. Intralot Cyprus Global Assets Ltd is a private limited liability company by shares organized under the laws of the Republic of Cyprus. Its registration number with the Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver is HE315958. The registered office of Intralot Cyprus Global Assets Ltd is Vyronos 36, Nicosia Tower Center, 8th floor, P.C. 1096 Nicosia, Cyprus. Intralot Cyprus Global Assets Ltd has an authorized and issued share capital of €13,000.00 consisting of 13,000 ordinary shares of nominal value €1.00 each. Its board of directors consists of Antigoni Fakonti and Georgios Trillidis and Secretary Christina Sarris. The objects of Intralot Cyprus Global Assets Ltd are listed in paragraph 3 and subparagraphs 1-36 of its Memorandum.

5. Betting Company Cyprus Limited is a private limited liability company by shares organized under the laws of the Republic of Cyprus. Its registration number with the Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver is HE161897. The registered office of Betting Company Cyprus Limited is Vyronos 36, Nicosia Tower Center, 8th floor, flat/office 801, 1506 Nicosia, Cyprus. Betting Company Cyprus Limited has an authorized and issued share capital of €10,000.00, consisting of 10,000 ordinary shares of nominal value €1.00 each. Its board of directors consists of Kyriacos Kyriacou, Antonios Kerastaris and Fotis Psindrides and Secretary Christina Sarris. The objects of Betting Company Cyprus Limited are listed in paragraph 3 and subparagraphs 1-38 of its Memorandum.

6. Intralot Holdings International Limited is a private limited liability company by shares organized under the laws of the Republic of Cyprus. Its registration number with the Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver is HE141390. The registered office of Intralot Holdings International Limited is Vyronos 36, Nicosia Tower Center, 8th floor, flat/office 801, 1506 Nicosia, Cyprus. Intralot Holdings International Limited has an authorized share capital of €10,000,000.00, consisting of 10,000,000 ordinary shares of nominal value €1.00 each and issued capital of €8,464,470.00, consisting of 8,464,470 ordinary shares of nominal value €1.00 each. Its board of directors consists of George Koliastasis, Vasilios A. Vasdaris, Eleni Kyriacou, Kyriacos Kyriacou and Polakis K. Sarris and Secretary Christina Sarris. The objects of Intralot Holdings International Limited are listed in paragraph 3 and subparagraphs 1-36 of its Memorandum.

7. Intralot Business Development Limited is a private limited liability company by shares organized under the laws of the Republic of Cyprus. Its registration number with the Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver is HE143538. The registered office of Intralot Business Development Limited is Vyronos 36, Nicosia Tower Center, 8th floor, flat/office 801, 1096 Nicosia, Cyprus. Intralot Business Development Limited has an authorized and issued share capital of €20,000.00, consisting of 20,000 ordinary shares of nominal value €1.00 each. Its board of directors consists of Eleni Kyriacou and Kyriacos Kyriacou and Secretary Christina Sarris. The objects of Intralot Business Development Limited are listed in paragraph 3 and subparagraphs 1-36 of its Memorandum.

8. Intralot International Limited is a private limited liability company by shares organized under the laws of the Republic of Cyprus. Its registration number with the Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver is HE84327. The registered office of Intralot International Limited is Vyronos 36, Nicosia Tower Center, 8th floor, flat/office 801, 1506 Nicosia, Cyprus. Intralot International Limited has an authorized share capital of €507,900.00, consisting of 507,900 ordinary shares of nominal value €1.00 each and issued capital of €1,693.00, consisting of 1,693 ordinary shares of nominal value €1.00 each. Its board of directors consists of Eleni Kyriacou and Kyriacos Kyriacou and Secretary Christina Sarris. The objects of Intralot International Limited are listed in paragraph 3 and subparagraphs 1-35 of its Memorandum.

9. Intralot Operations Limited is a private limited liability company by shares organized under the laws of the Republic of Cyprus. Its registration number with the Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver is HE83815. The registered office of Intralot Operations Limited is Vyronos 36, Nicosia Tower Center, 8th floor, flat/office 801, 1506 Nicosia, Cyprus. Intralot Operations Limited has an authorized share capital of €17,100.00, consisting of 10,000 ordinary shares of nominal value €1.71 each and issued capital of €1,710.00, consisting of 1,000 ordinary shares of nominal value €1.71 each. Its board of directors consists of George Koliastasis, Eleni Kyriacou and Kyriacos Kyriacou and Secretary Christina Sarris. The objects of Intralot Operations Limited are listed in paragraph 3 and subparagraphs 1-35 of its Memorandum.

10. Bilot EOOD is a sole ownership limited liability company organized under the laws of the Republic of Bulgaria. Its registration number with the Bulgarian Commercial Register at the Registry Agency (Uniform Identification Code) is 121305741. The registered office of Bilot EOOD is 88 Bulgaria Blvd, entrance 1, floor 2, apt. 7, Vitosha region, 1680 Sofia, Bulgaria. Bilot EOOD has registered capital of BGN 13,690,090, consisting of 1,369,009 shares, each with par value of BGN 10. The appointed Managers of Bilot EOOD are Nikolaos Arsenopoulos and Nikolaos Nikolakopoulos representing the company jointly and severally. According to § III, Art. 5 of its Incorporation Act, its corporate purpose (scope of activity) is: wholesale and retail trade, industrial activity, intermediation, consultancy and commission activities, management, marketing, transport and forwarding services, commercial representation, distribution activities, foreign trade activities, publishing, organization of sports competitions and games, as well as distribution of lottery tickets and games permitted by law, production and trade in agricultural products, construction and montage works, and any other activity that is not prohibited by the law.

11. Bilot Investment EOOD is a sole ownership limited liability company organized under the laws of the Republic of Bulgaria. Its registration number with the Bulgarian Commercial Register at the Registry Agency (Uniform Identification Code) is 204103124. The registered office of Bilot Investment EOOD is 88 Bulgaria Blvd, entrance 1, floor 2, apt. 7, Vitosha region, 1680 Sofia, Bulgaria. Bilot Investment EOOD has registered capital of BGN 50,000, consisting of 50,000 shares, each with par value of 1 BGN. The appointed Managers of Bilot Investment EOOD are Nikolaos Arsenopoulos and Nikolaos Nikolakopoulos representing the company jointly and severally. According to its scope of activities, the Company may also perform following types of activities: wholesale and retail trade, production activities, intermediary, consultancy and commission-related activities, management, marketing, transport and forwarding services, commercial representation, distribution activities, foreign trade, publishing activities, tourism, organisation of sport events and games, as well as distribution of lottery tickets and games, permitted by law, and any other activity not prohibited by law.

12. Intralot Maroc SA is a company incorporated under the laws of Morocco as a *société anonyme*. Its registration number with the Casablanca court registry is 218457. The registered office of Intralot Maroc is Immeuble Smaex—24, avenue Ali Abderazak—Quartier Racine extension Maarif, Casablanca, Morocco. Intralot Maroc has a share capital of MAD 300,000.00, consisting of 3,000 shares of common stock. The Board of Directors of Intralot Maroc is comprised of Areti Markou, Evangelia Bouligaraki, Nikolaos Nikolakopoulos and Antonios Kerastaris. According to its Articles of Association, its corporate purpose is to accomplish all activities and complete all required proceedings to offer to Lotteries all equipment and services described in the agreement with the Lotteries.

13. Intralot Inc. is a Corporation organized under the laws of the State of Georgia, USA. Its registration number with the State of Georgia Secretary of State Corporations Division is 0153271. The principal office of Intralot Inc. is 11360 Technology Circle, Duluth GA, 30097 USA. Intralot Inc. has 100,000 shares of common stock issued and outstanding and 2,478,497 shares issued and outstanding of Class A non-voting preferred shares. Intralot Global Holdings B.V. owns 100% of the common shares and 100% of the preferred shares of Intralot Inc. The Board of Directors of Intralot Inc. is comprised of Thomas Little, Antonios Kerastaris, Nikolaos Nikolakopoulos and John Donahue. According to its Articles of Incorporation, its corporate purpose is to do all things lawful and permitted.

14. Intralot Germany GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of the Federal Republic of Germany. Its registration number with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of München, Germany is HRB 197543. The registered office of Intralot Germany GmbH is Konrad-Zuse-Platz 12, 81829 München, Germany. Intralot Germany GmbH has a registered share capital of €25,000 consisting of 25,000 shares. The managing directors of Intralot Germany GmbH are Antonios Dimos, Georgios Batsaras and Nikolaos Kontopoulos. According to Section 2.1 of its articles of association, the object of the company is (i) the production and the distribution of software, electronic equipment and systems, including without limitation for gaming and lottery providers, (ii) any activity associated with the operation and promotion of games of chance, (iii) the rendering of all types of telecommunication services and value-added services, including mobile telephony, networks, satellite communications, electronics, informatics, internet, telematics, audio-visual, television and digital television as well as (iv) the provision of all services and works related thereto, in any case subject to any special regulatory approval.

15. Intralot Finance UK Ltd is a limited company (Ltd) organized under the laws of England and Wales. Its registration number with Companies House is 06451119. The registered office of Intralot Finance UK Ltd is 50 Broadway London England SW1H 0RG. Intralot Finance UK Ltd has a share capital of £50,000 consisting of 50,000 shares. The sole shareholder of Intralot Finance UK Ltd is Intralot Global Holdings B.V. The board of directors of Intralot Finance UK Ltd is comprised of Antonios Kerastaris, Vasileios Vasdaris, Evangelos Raptis and Maria Mountzouridi. According to Section 4 of its memorandum of association, Intralot Finance UK Ltd has general corporate purposes.

16. Intralot Global Holdings B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands. Its registration number with the Chamber of Commerce of Amsterdam is 57068003. The registered office of Intralot Global Holdings B.V. is Nachtwachtlaan 20 t/m 24, 1058 EA Amsterdam, the Netherlands and its corporate seat (*statutaire zetel*) is in Amsterdam, the Netherlands. Intralot Global Holdings B.V. has an issued share capital of €50,003.00 consisting of 50,003 shares. The board of directors of Intralot Global Holdings B.V. is comprised of Vasileios Vasdaris, Kurt Edward Thorson and Bernardus Hubertus Maria Klasen. According to Section 3 of its articles of association, its corporate purpose includes the granting of guarantees.

17. Intralot Global Securities B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands. Its registration number with the Chamber of

Commerce of Amsterdam is 57424756. The registered office of Intralot Global Securities B.V. is Nachtwachtlaan 20 t/m 24, 1058 EA Amsterdam, the Netherlands and its corporate seat (*statutaire zetel*) is in Amsterdam, the Netherlands. Intralot Global Securities B.V. has an issued share capital of €10,000.00 consisting of 10,000 shares. The board of directors of Intralot Global Securities B.V. is comprised of Vasileios Vasdaris, Bernardus Hubertus Maria Klasen and Kurt Edward Thorson. According to Section 3 of its articles of association, its corporate purpose includes the granting of guarantees.

18. Intralot Nederland B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands. Its registration number with the Chamber of Commerce of Amsterdam is 34300336. The registered office of Intralot Nederland B.V. is Nachtwachtlaan 20 t/m 24, 1058 EA Amsterdam, the Netherlands and its corporate seat (*statutaire zetel*) is in Amsterdam, the Netherlands. Intralot Nederland B.V. has an issued share capital of €18,000.00 consisting of 1,800 shares. The board of directors of Intralot Nederland B.V. is comprised of Euripides Tsivgiouras, Adam Wojciech Lamentowicz and Nikolaos Nikolakopoulos. According to Section 2 of its articles of association, its corporate purpose includes the granting of guarantees.

19. Intralot Italian Investments B.V. is a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) organized under the laws of the Netherlands. Its registration number with the Chamber of Commerce of Amsterdam is 67885934. The registered office of Intralot Italian Investments B.V. is Nachtwachtlaan 20 t/m 24, 1058 EA Amsterdam, the Netherlands and its corporate seat (statutaire zetel) is in Amsterdam, the Netherlands. Intralot Italian Investments B.V. has an issued share capital of €1 consisting of 1 share. The board of directors of Intralot Italian Investments B.V. is comprised of Athanasios Koutras, Kurt Edward Thorson and Bernardus Hubertus Maria Klasen. According to Section 3 of its articles of association, its corporate purpose includes the granting of guarantees.

20. Intralot do Brasil Comércio de Equipamentos e Programas de Computador Ltda. is a Limited Liability Company enrolled with the Registry of Companies (NIRE JUCEMG) under no. 31209360831 and with Federal Taxpayer Registration under CNPJ/MF no. 06.111.334/0001-19. The Company headquarters is established at Belo Horizonte, State of Minas Gerais/Brazil, at. Av. Professor Mário Werneck, 140, 2nd floor, Estoril, CEP 30.455-610. The Company has a share capital of BRL 22,158,430, represented by 2,215,843 shares. The Board of Directors of the Company is comprised of Antonios Katsaounis, Sérgio Rodrigo Alves de Alvarenga, Nikolaos Nikolakopoulos, Dimitrios Kremmydas and Adalberto Marques Pinto Neto. The Executive Board of the Company is comprised of Adalberto Marques Pinto Neto (CEO) and Antonios Katsaounis (CFO). According to Section Four of its Articles of Association, its corporate purpose includes, among other things, the organization, management, operation and supervision of lotteries, lottery tickets, instant lottery, betting, as well as any form of gambling, electronic games or games of any kind, duly authorized by the competent authorities and according to Brazilian law.

21. OLTP Processamento de Transações Online Ltda. is a Limited Liability Company enrolled with the Registry of Companies (NIRE JUCEMG) under no. 31209662994 and with Federal Taxpayer Registration under CNPJ/MF no. 10.230.447/0001-00 and headquarters at Belo Horizonte, State of Minas Gerais, at. Rua Tomé de Souza, n.701, room 02, Funcionários, CEP 30.140-131. The Company has a share capital of BRL 1,860,000.00, represented by 1,860,000 shares. The Board of Directors of the Company is comprised of Antonios Katsaounis, Sérgio Rodrigo Alves de Alvarenga, Nikolaos Nikolakopoulos, Dimitrios Kremmydas and Adalberto Marques Pinto Neto. The Executive Board of the Company is comprised of Sérgio Rodrigo Alves de Alvarenga (CEO), Adalberto Marques Pinto Neto (CFO) and Antonios Katsaounis (CMO). According to Section Four of its Articles of Association, its corporate purpose includes, among other things, the organization, management, operation and supervision of lotteries, lottery tickets, instant lottery and betting, as well as any form of gambling, electronic games or games of any kind, duly authorized by the competent authorities and according to Brazilian law.

22. Intralot Iberia Holdings S.A. is a public limited liability company (*sociedad anónima*) organized under the laws of Spain. It is registered with the Mercantile Registry of Madrid at *Tomo* 23,799, *Hoja* M-427,142, *Folio* 190 and with Spanish tax identification number (C.I.F.) A-84,973,940. The registered office of Intralot Iberia Holdings, S.A. is Calle Progreso, 2, Oficina 160, Polígono Industrial Los Olivos, Getafe, Madrid, Spain. Intralot Iberia Holdings, S.A. has a share capital of €415,102 consisting of 415,102 shares. The board of directors of Intralot Iberia Holdings, S.A. are Antonios Kerastaris, Vasileios Vasdaris, Areti Makou, and Julio José Gil Campo. According to Section 3 of its articles of association, its corporate purpose includes, among other things: to acquire, hold, possess, administer and manage securities and/or stock representing the net worth of companies or entities incorporated in Spain or abroad, with the capacity to carry out any type of negotiable investment in its own name and behalf, excluding any activities which form the corporate purpose of collective investment institutions and the securities market; the manufacturing, import, export, sale, purchase, distribution of game and gambling material or brokerage in its commerce; the operation of gaming machines with or without monetary

award in its own (or in others') business establishments; the commercialization (in any form) of public gambling and games of chance; the creation, management, transaction and promotion of instant lottery, or similar lottery systems; the supply and/or commercialization of equipment used for organization, promotion, management, technical or administrative support and in the commercial operation of lotteries or any of the above mentioned systems; and the operation of bets in its own (or in others') business establishments or through any other means legally permitted.

23. Intralot Jamaica Limited is a private company organized under the laws of Jamaica with registration number 77,226. The registered office of Intralot Jamaica Limited is at 9A Retirement Crescent, Kingston 5, Jamaica, W.I. It has a share capital of JMD 7,200,000.00, consisting of 72,000 shares issued and held by Intralot Iberia Holdings, S.A. Its directors are Georgios Sampson and Nikolaos Nikolakopoulos. According to its Articles its principal object is integrated lottery systems and services (including video lottery operation) but, under the laws of Jamaica, it has the corporate capacity to carry on any lawful business.

24. Intralot St Lucia Limited is an international business company organized under the laws of Saint Lucia with company no. 2008-00458. The registered office of Intralot St Lucia Limited is at Bourbon House, Bourbon Street, Castries, Saint Lucia. It has a share capital of XCD 60,772,495 held by Intralot Cyprus Global Assets Ltd. Its directors are Antonios Kerastaris, Vasileios Vasdaris and Nikolaos Nikolakopoulos, and FinSec Limited is its Secretary. According to its Articles, its principal object is the betting and gaming business but, under the laws of Saint Lucia, it has the corporate capacity to carry on any lawful business outside Saint Lucia.

25. Intralot Finance Luxembourg S.A. is a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg. Its registration number with the Luxembourg Register of Trade and Companies is B 177543. The registered office of Intralot Finance Luxembourg S.A. is 46A, avenue John F. Kennedy, L-1855 Luxembourg. Intralot Finance Luxembourg S.A. has a share capital of €31,000 held by Intralot Global Securities B.V. The members of the board of directors of Intralot Finance Luxembourg S.A. are Antonios Kerastaris as Class A director, and, Jacob Mudde and Fabrice Rota as Class B directors. Pursuant to Article 4 of the Articles of Incorporation of Intralot Finance Luxembourg S.A. dated May 22, 201c (as amended), it is the objective of Intralot Finance Luxembourg S.A. to, among other things, borrow in any form; issue notes, bonds and any kind of debt and equity securities; lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies.

26. Intralot Gaming Services Pty Ltd (IGS) is a proprietary company regulated by the Corporations Act of Australia. Its registration number with Australian Securities and Investments Commission (ASIC) is 136 875 673. The registered office of IGS is 299 Williamstown Road, Port Melbourne Victoria Australia 3207. IGS has an issued share capital of AUD12 consisting of 12 shares. The board of directors of IGS consists of Bill Karvela, Athanasios Baoustanos, Antonis Markopoulos, Theodosios Engelis and Chris Ioannou (Secretary). Its corporate purpose is to provide electronic monitoring service to electronic gaming machines (VLTs) in the state of Victoria under the Monitoring Licence.

GLOSSARY

AWP	Amusement with Prizes machine, which pays out cash prizes as a percentage of total wagers over a pre-determined cycle of games.
B2B..	Business-to-business.
B2C..	Business-to-consumer.
B2G..	Business-to-government.
EU Industrial R&D Scoreboard............	Annual ranking published by the European Commission of the top 1500 global companies (both European and non-European) according to their investments in research and development, using data drawn from the companies' most recent accounts.
Fixed-odds betting	Payout amount is agreed upon in advance between the player and the bookmaker. In the case of a win, the bookmaker pays an amount equal to the bet multiplied by the odds fixed at the moment of the bet.
GGY	Gross Gaming Yield.
Gross win...	Sales less payout in respect of licensed operations.
IT products and services	Interactive marketing, business analytics, media and gaming, as well as technology and operational services, provided to state and state-licensed organizations.
KENO	Bingo-like game where 20 numbers are drawn out of 80 numbers for each game. Drawings are held every five minutes. Fixed prizes are distributed according to the amount of numbers chosen and matched.
ODIE..	Hellenic Horse-race Betting Organisation.
Online lottery...	A system allowing players to purchase lottery tickets generated by a computer or online machine/terminal at the lottery POS where the information about the sale of a ticket and the player's choice of number or combination of numbers is simultaneously registered with the central computer server.
OPAP	Greek Organization of Football Prognostics S.A.
Open-ended license................................	Gaming license that does not have a fixed term or is automatically renewable as long as the licensee complies with the licensed terms.
Pari-mutuel betting	Total pool of wagers placed, minus a specified percentage, is divided among the winning players according to a set formula. A winner is paid an amount equal to his or her share of the prize pool.
Payout..	Cash amount payable on player winnings.
POS..	Point(s) of sale.
R&D	Research and development.
VLT	Video Lottery Terminal, a gaming machine that allows players to bet on the outcome of a video game.

F

INTRALOT Group

CONTENTS OF FINANCIAL STATEMENTS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of the company "INTRALOT SA INTEGRATED LOTTERY SYSTEMS AND SERVICES"

Introduction

We have reviewed the accompanying condensed separate and consolidated statement of financial position of «INTRALOT SA INTEGRATED LOTTERY SYSTEMS AND SERVICES» (the "Company") as at 30 June 2017 and the relative condensed separate and consolidated statements of comprehensive income , changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes, that constitute the condensed interim financial information, which is an integral part of the six-month financial report under the L. 3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information, in accordance with International Financial Reporting Standards, as adopted by the European Union (EU) and which apply to Interim Financial Reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard "IAS 34".

Report on Other Legal and Regulatory Requirements

Based on our review, we concluded that the content of the six-month financial report, as required by article 5 of L.3556/2007, is consistent with the accompanying condensed interim financial information.

Athens, 30 August 2017

Certified Public Accountants Auditors

Evagelos D. Kosmatos
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INTERIM FINANCIAL STATEMENTS
INCOME STATEMENT GROUP / COMPANY FOR THE FIRST HALF OF 2017

		GROUP		COMPANY	
Amounts reported in thousand €	**Note**	**1/1-30/6/2017**	**1/1-30/6/2016**	**1/1-30/6/2017**	**1/1-30/6/2016**
Sale Proceeds	2.2	733.165	636.871	27.026	29.092
Less: Cost of Sales		−606.171	−517.663	−17.106	−19.333
Gross Profit /(loss)		**126.994**	**119.208**	**9.920**	**9.759**
Other Operating Income	2.3	8.815	10.210	117	14.447
Selling Expenses		−29.423	−27.414	−5.306	−5.264
Administrative Expenses		−45.319	−41.825	−6.840	−6.498
Research and Development Expenses		−2.726	−2.697	−2.726	−2.663
Other Operating Expenses	2.7	−1.889	−1.375	−1.540	−12.327
EBIT	2.1.5	**56.452**	**56.107**	**−6.375**	**−2.546**
EBITDA	2.1.5	**92.225**	**89.017**	**1.405**	**2.800**
Income/(expenses) from participations and investments	2.5	982	−1.358	11.456	9.599
Gain/(loss) from assets disposal, impairment loss and write-off of assets	2.6	−1.017	−1.772	−6	5
Interest and similar expenses	2.8	−27.210	−34.111	−8.713	−9.643
Interest and similar income	2.8	3.623	6.228	1.605	1.640
Foreign exchange differences	2.9	−4.200	−3.053	−483	−454
Profit / (loss) from equity method consolidations		−2.012	−1.773	0	0
Operating Profit/(loss) before tax from continuing operations		**26.618**	**20.268**	**−2.516**	**−1.399**
Tax	2.4	−17.506	−15.315	2.542	1.340
Profit / (loss) after tax from continuing operations (a)		**9.112**	**4.953**	**26**	**−59**
Profit / (loss) after tax from discontinued operations (b)[1]		−12.071	34.601	0	0
Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**−2.959**	**39.554**	**26**	**−59**
Attributable to:					
Equity holders of parent					
—Profit/(loss) from continuing operations		−13.730	−15.207	26	−59
—Profit/(loss) from discontinued operations[1]	2.20	−12.071	34.601	0	0
		−25.801	**19.394**	**26**	**−59**
Non-Controlling Interest					
—Profit/(loss) from continuing operations		22.842	20.160	0	0
—Profit/(loss) from discontinued operations[1]	2.20	0	0	0	0
		22.842	**20.160**	**0**	**0**
Earnings/(loss) after tax per share (in €) from total operations					
—basic	2.20	−0,1639	0,1225	0,0002	−0,0004
—diluted	2.20	−0,1639	0,1225	0,0002	−0,0004
Weighted Average number of shares		157.373.760	158.379.761	157.373.760	158.379.761

(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 2.20.A.VIII)

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY FOR THE FIRST HALF OF 2017

Amounts reported in thousand €	Note	GROUP 1/1-30/6/2017	GROUP 1/1-30/6/2016	COMPANY 1/1-30/6/2017	COMPANY 1/1-30/6/2016
Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**−2.959**	**39.554**	**26**	**−59**
Attributable to:					
Equity holders of parent					
—Profit/(loss) from continuing operations		−13.730	−15.207	26	−59
—Profit/(loss) from discontinued operations[(1)]		−12.071	34.601	0	0
		−25.801	**19.394**	**26**	**−59**
Non-Controlling Interest					
—Profit/(loss) from continuing operations		22.842	20.160	0	0
—Profit/(loss) from discontinued operations[(1)]		0	0	0	0
		22.842	**20.160**	**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		−7	311	0	0
Defined benefit plans revaluation for associates and joint ventures		4	0	0	0
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -sale financial assets of parent and subsidiaries	2.12	127	−1.279	−262	−1
Valuation share of available-for-sale financial assets of associates and joint ventures		−11	0	0	0
Derivatives valuation of parent and subsidiaries		61	−67	61	−67
Exchange differences on translating foreign operations of subsidiaries	2.15	−1.413	−1.317	0	0
Share of exchange differences on translating foreign operations of associates and joint ventures	2.15	−8.195	−2.683	0	0
Other comprehensive income/ (expenses) after tax		**−9.434**	**−5.035**	**−201**	**−68**
Total comprehensive income / (expenses) after tax		**−12.393**	**34.519**	**−175**	**−127**
Attributable to:					
Equity holders of parent		−29.193	17.175	−175	−127
Non-Controlling Interest		16.800	17.344	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 2.20.A.VIII)

INCOME STATEMENT GROUP / COMPANY FOR THE 2ND QUARTER OF 2017

Amounts reported in thousand €	Note	GROUP 1/4-30/6/2017	GROUP 1/4-30/6/2016	COMPANY 1/4-30/6/2017	COMPANY 1/4-30/6/2016
Sale Proceeds	2.2	365.269	331.890	12.890	15.239
Less: Cost of Sales		−301.459	−271.625	−8.237	−8.634
Gross Profit /(loss)		**63.810**	**60.265**	**4.653**	**6.605**
Other Operating Income	2.3	4.617	3.940	71	9.445
Selling Expenses		−15.183	−13.958	−2.531	−2.212
Administrative Expenses		−23.429	−20.810	−3.734	−3.228
Research and Development Expenses		−1.070	−863	−1.070	−848
Other Operating Expenses	2.7	−1.619	−691	−1.538	−12.265
EBIT	2.1.5	**27.126**	**27.883**	**−4.149**	**−2.503**
EBITDA	2.1.5	**45.690**	**44.450**	**516**	**179**
Income/(expenses) from participations and investments	2.5	445	−2.426	−441	4.958
Gain/(loss) from assets disposal, impairment loss and write-off of assets	2.6	−870	−1.669	0	0
Interest and similar expenses	2.8	−14.124	−16.748	−4.477	−4.770
Interest and similar income	2.8	1.797	3.038	870	876
Exchange Differences	2.9	−5.004	508	−281	−7
Profit / (loss) from equity method consolidations		−839	−854	0	0
Operating Profit/(loss) before tax from continuing operations		**8.531**	**9.732**	**−8.478**	**−1.446**
Tax	2.4	−6.723	−6.394	3.676	1.166
Profit / (loss) after tax from continuing operations (a)		**1.808**	**3.338**	**−4.802**	**−280**
Profit / (loss) after tax from discontinued operations (b)[(1)]		−11.907	37.071	0	0
Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**−10.099**	**40.409**	**−4.802**	**−280**
Attributable to:					
Equity holders of parent					
—Profit/(loss) from continuing operations		−8.422	−5.665	−4.802	−280
—Profit/(loss) from discontinued operations[(1)]	2.20	−11.907	37.071	0	0
		−20.329	**31.406**	**−4.802**	**−280**
Non-Controlling Interest					
—Profit/(loss) from continuing operations		10.230	9.003	0	0
—Profit/(loss) from discontinued operations[(1)]	2.20	0	0	0	0
		10.230	**9.003**	**0**	**0**
Earnings/(loss) after tax per share (in €) from total operations					
—basic	2.20	−0,1292	0,1983	−0,0305	−0,0018
—diluted	2.20	−0,1292	0,1983	−0,0305	−0,0018
Weighted Average number of shares		157.373.760	158.379.761	157.373.760	158.379.761

(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 2.20.A.VIII)

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY FOR THE 2ND QUARTER OF 2017

		GROUP		COMPANY	
Amounts reported in thousand €	**Note**	**1/4-30/6/2017**	**1/4-30/6/2016**	**1/4-30/6/2017**	**1/4-30/6/2016**
Net Profit / (loss) after tax (continuing and discontinued operations) (a)+(b)		**−10.099**	**40.409**	**−4.802**	**−280**
Attributable to:					
Equity holders of parent					
—Profit/(loss) from continuing operations		−8.422	−5.665	−4.802	−280
—Profit/(loss) from discontinued operations(1)		−11.907	37.071	0	0
		−20.329	**31.406**	**−4.802**	**−280**
Non-Controlling Interest					
—Profit/(loss) from continuing operations		10.230	9.003	0	0
—Profit/(loss) from discontinued operations(1)		0	0	0	0
		10.230	**9.003**	**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		−27	412	0	0
Defined benefit plans revaluation for associates and joint ventures		4	0	0	0
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -sale financial assets of parent and subsidiaries	2.12	562	−222	4	−5
Valuation share of available-for-sale financial assets of associates and joint ventures		−11	0	0	0
Derivatives valuation of parent and subsidiaries		−52	−17	−52	−17
Exchange differences on translating foreign operations of subsidiaries	2.15	3.802	3.921	0	0
Share of exchange differences on translating foreign operations of associates and joint ventures	2.15	−7.124	1.483	0	0
Other comprehensive income/ (expenses) after tax		**−2.846**	**5.577**	**−48**	**−22**
Total comprehensive income / (expenses) after tax		**−12.945**	**45.986**	**−4.850**	**−302**
Attributable to:					
Equity holders of parent		−18.720	36.714	−4.850	−302
Non-Controlling Interest		5.775	9.272	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 2.20.A.VIII)

STATEMENT OF FINANCIAL POSITION GROUP/COMPANY

Amounts reported in thousand €	Note	GROUP 30/6/2017	GROUP 31/12/2016	COMPANY 30/6/2017	COMPANY 31/12/2016
ASSETS					
Tangible assets	2.10	111.264	126.962	15.165	15.391
Investment property	2.10	5.410	6.038	0	0
Intangible assets	2.10	334.429	329.582	90.729	90.044
Investment in subsidiaries, associates and joint ventures	2.11	170.339	180.807	152.350	155.740
Other financial assets	2.12	21.157	21.910	1.221	1.483
Deferred Tax asset		5.881	6.750	0	0
Other long term receivables		23.558	22.407	140	144
Total Non-Current Assets		**672.038**	**694.456**	**259.605**	**262.802**
Inventories	2.13	35.210	32.250	19.957	18.888
Trade and other short term receivables		150.073	169.979	104.103	128.010
Other financial assets		61	0	61	0
Cash and cash equivalents	2.14	147.209	164.401	24.477	20.356
Total Current Assets		**332.553**	**366.630**	**148.598**	**167.254**
TOTAL ASSETS		**1.004.591**	**1.061.086**	**408.203**	**430.056**
EQUITY AND LIABILITIES					
Share capital	2.15	47.689	47.689	47.689	47.689
Treasury shares	2.15	−1.715	−1.709	−1.715	−1.709
Other reserves	2.15	56.855	56.036	43.735	43.936
Foreign exchange differences	2.15	−64.734	−61.180	0	0
Retained earnings	2.16	60.182	86.706	6.918	6.892
Total equity attributable to shareholders of the parent		**98.277**	**127.542**	**96.627**	**96.808**
Non-Controlling Interest		54.700	68.944	0	0
Total Equity		**152.977**	**196.486**	**96.627**	**96.808**
Long term debt	2.17	652.698	643.892	229.752	237.348
Staff retirement indemnities		5.099	5.382	3.151	3.396
Other long term provisions	2.20	8.258	10.891	7.740	10.088
Deferred Tax liabilities		15.191	16.036	5.873	6.548
Other long term liabilities		16.100	17.271	0	0
Finance lease obligation	2.21	506	684	0	0
Total Non-Current Liabilities		**697.852**	**694.156**	**246.516**	**257.380**
Trade and other short term liabilities		122.154	128.141	58.932	65.871
Short term debt and finance lease	2.17	10.787	14.733	0	0
Current income tax payable		16.511	17.610	6.037	6.037
Short term provision	2.20	4.310	9.960	91	3.960
Total Current Liabilities		**153.762**	**170.444**	**65.060**	**75.868**
TOTAL LIABILITIES		**851.614**	**864.600**	**311.576**	**333.248**
TOTAL EQUITY AND LIABILITIES		**1.004.591**	**1.061.086**	**408.203**	**430.056**

STATEMENT OF CHANGES IN EQUITY GROUP

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousand of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Fore exchar differe
Opening Balance 1 January 2017	**47.689**	**−1.709**	**27.076**	**28.960**	**−61.**
Effect on retained earnings from previous years adjustments					
Period's results					
Other comprehensive income / (expenses) after tax				161	−3.
Dividends to equity holders of parent / non-controlling interest					
Effect due to change in participation percentage					
Transfer between reserves			656	2	
Repurchase of treasury shares		−6			
Balances as at 30 June 2017	**47.689**	**−1.715**	**27.732**	**29.123**	**−64.**

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP
(Amounts reported in thousand of €)

	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Fo exc diff
Opening Balance 1 January 2016	**47.689**	**−490**	**30.561**	**31.650**	**−5**
Effect on retained earnings from previous years adjustments					
Subsidiary share capital return					
Period's results					
Other comprehensive income / (expenses) after tax				−930	−
Dividends to equity holders of parent / non-controlling interest					
Transfer between reserves			−2.378	−74	
Repurchase of treasury shares		−180			
Balances as at 30 June 2016	**47.689**	**−670**	**28.183**	**30.646**	**−6**

STATEMENT OF CHANGES IN EQUITY COMPANY

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousand of €)	Share Capital
Opening Balance 1 January 2017	**47.689**
Period's results	
Other comprehensive income /(expenses) after tax	
Repurchase of treasury shares	
Balances as at 30 June 2017	**47.689**

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousand of €)	Share Capital
Opening Balance 1 January 2016	**47.689**
Period's results	
Other comprehensive income /(expenses) after tax	
Repurchase of treasury shares	
Balances as at 30 June 2016	**47.689**

CASH FLOW STATEMENT GROUP/COMPANY

Amounts reported in thousand of € (total operations)	Note	GROUP 1/1-30/6/2017	GROUP 1/1-30/6/2016	COMPANY 1/1-30/6/2017	COMPANY 1/1-30/6/2016
Operating activities					
Profit / (loss) before tax from continuing operations		26.618	20.268	−2.516	−1.399
Profit / (loss) before tax from discontinued operations	2.20	−12.071	35.583	0	0
Profit / (loss) before Taxation		**14.547**	**55.851**	**−2.516**	**−1.399**
Plus / Less adjustments for:					
Depreciation and Amortization		35.788	49.756	7.780	5.346
Provisions	2.6/2.7	2.323	2.669	1.529	−1.923
Results (income, expenses, gain and loss) from Investing Activities	2.5/2.6 2.9/2.11	16.872	−37.214	−10.966	−9.228
Interest and similar expenses	2.8	27.222	35.122	8.713	9.643
Interest and similar Income	2.8	−3.623	−6.363	−1.605	−1.640
Plus / Less adjustments for changes in working capital:					
Decrease / (increase) of Inventories		−4.064	−215	−1.069	−1.873
Decrease / (increase) of Receivable Accounts		142	−251	11.628	10.101
(Decrease) / increase of Payable Accounts (except Banks)		3.698	1.843	−6.625	−2.523
Less: Income Tax Paid		15.699	15.028	481	0
Total inflows / (outflows) from operating activities (a)		**77.206**	**86.170**	**6.388**	**6.504**
Investing Activities					
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	2.12 2.20	4.514	−22.632	9.000	1.245
Purchases of tangible and intangible assets	2.10	−41.369	−28.731	−8.461	−6.865
Proceeds from sales of tangible and intangible assets	2.10	124	2.343	40	7
Interest received		2.622	4.664	0	1.159
Dividends received		1.832	1.011	13.425	8.350
Total inflows / (outflows) from investing activities (b)		**−32.277**	**−43.345**	**14.004**	**3.896**
Financing Activities					
Return of subsidiary capital		0	−3.375	0	0
Repurchase of treasury shares	2.15	−6	−180	−6	−180
Proceeds from loans	2.17	52.550	22.122	0	10.000
Repayment of loans	2.17	−53.216	−35.819	−13.900	−10.747
Bond buyback	2.17	0	−14.332	0	0
Repayments of finance lease obligations	2.17	−923	−5.743	0	0
Interest and similar expenses paid		−25.407	−31.489	−2.138	−3.168
Dividends paid	2.16	−27.497	−27.959	0	0
Total inflows / (outflows) from financing activities (c)		**−54.499**	**−96.775**	**−16.044**	**−4.095**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)		**−9.570**	**−53.950**	**4.348**	**6.305**
Cash and cash equivalents at the beginning of the period	2.14	**164.401**	**276.609**	**20.356**	**35.859**
Net foreign exchange difference		−7.622	−3.175	−227	452
Cash and cash equivalents at the end of the period from total operations	2.14	**147.209**	**219.484**	**24.477**	**42.616**

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 5.200 employees and revenues from continuing operations of €1,32 billion for 2016, INTRALOT has established its presence on all 5 major continents.

The interim financial statements of the Group and the Company for the period ended 30 June 2017 were approved by the Board of Directors on 30 August 2017.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 30 June 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Those interim condensed financial statements do not include all the information and disclosures required by IFRS in the annual financial statements and should be read in conjunction with the Group's and Company's annual financial statements as at *31 December 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 30 June 2017, the accounting policies adopted are consistent with those followed in the preparation of the most recent annual financial statements (*31 December 2016*), except for the below mentioned adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2017.

Standards and Interpretations compulsory for the fiscal year 2017

There are no new standards, amendments of published standards and interpretations mandatory for accounting periods beginning on 1 January 2017.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Standards and Interpretations compulsory after 31 December 2017

The following new standards, amendments and IFRICs have been published but are in effect for the annual fiscal period beginning the 1st of January 2018 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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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 current 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 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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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 and the amount of revenue recognized might be impacted. The Group has preliminarily assessed that the majority of support services are satisfied over time and consequently the Group will 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 and first half of 2017 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 current 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 recognise:

(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 30/6/2017 the Group had commitments from non-cancellable operating leases amounting to €15.647 thousand (note *2.21.C*). 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 current 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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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.

IFRIC 23 "Uncertainty over Income Tax Treatments"

This applies to annual accounting periods starting on or after 1st January 2019.

In June 2017 the IASB issued the Interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" to specify how to reflect uncertainty in accounting for income taxes.

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.

IFRS 17 "Insurance Contracts"

This applies to annual accounting periods starting on or after 1st January 2021. Earlier application is permitted.

In May 2017, the IASB issued a new accounting Standard, called IFRS 17 "Insurance Contracts" that replaces IFRS 4 "Insurance Contracts", which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements.

This new standard does not affect Group financial statements and has not yet been endorsed by the European Union.

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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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 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 similar 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 similar income", "Interest and similar expenses", "Income/(expenses) from participations and investments" ,"Write-off and impairment loss of assets" and "Gain/(loss) from assets disposal".

	GROUP	
Reconciliation of operating profit before tax to EBIT and EBITDA (continuing operations):	**1/1-30/6/2017**	**1/1-30/6/2016**
Operating profit/(loss) before tax	**26.618**	**20.268**
Profit/(loss) equity method consolidation	2.012	1.773
Foreign exchange differences	4.200	3.053
Interest and similar income	−3.623	−6.228
Interest and similar expenses	27.210	34.111
Income / (expenses) from participations and investments	−982	1.358
Gain / (loss) from assets disposal, impairment losses & write-off of assets	1.017	1.772
EBIT	**56.452**	**56.107**
Depreciation and amortization	35.773	32.910
EBITDA	**92.225**	**89.017**

Reconciliation of operating profit before tax to EBIT and EBITDA (continuing operations):	COMPANY 1/1-30/6/2017	COMPANY 1/1-30/6/2016
Operating profit/(loss) before tax	**−2.516**	**−1.399**
Foreign exchange differences	483	454
Interest and similar income	−1.605	−1.640
Interest and similar expenses	8.713	9.643
Income / (expenses) from participations and investments	−11.456	−9.599
Gain / (loss) from assets disposal, impairment losses & write-off of assets	6	−5
EBIT	**−6.375**	**−2.546**
Depreciation and amortization	7.780	5.346
EBITDA	**1.405**	**2.800**

Project EBITDA

For the calculation of the project EBITDA of the Company, the direct costs of the projects are allocated directly to the projects for which they are carried out. Payroll costs related to the Company's production segments are recorded in "Cost of Sales" and are allocated to projects based on man effort at Company level. "Distribution Expenses" and "Administration Expenses" are monitored per project and allocated to them based on man effort at Company level. "Research and Development Expenses" are allocated to the projects in proportion to the revenues of each project in the total revenue of the Company.

2.1.6 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 accounting judgements, estimates and assumptions concerning the future and other key sources of uncertainty at the reporting date of the interim condensed financial statements for the period ended on 30 June 2017 and have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are consistent with those applied and were valid at the reporting date of the annual financial statements of *31 December 2016.*

2.1.7 Seasonality and cyclicality of operations

The Group revenue can fluctuate due to seasonality in some components of the worldwide operations. In particular, the majority of the Group sports betting revenue is generated from bets placed on European football, which has an off-season in the European summer that typically causes a corresponding periodic decrease in the Group revenue. In addition, Group revenue from lotteries can be somewhat dependent on the size of jackpots of lottery games during the relevant period. The Group revenue may also be affected by the scheduling of major football events that do not occur annually, notably the FIFA World Cup and UEFA European Championships, and by the performance of certain teams within specific tournaments, particularly where the national football teams, in the markets where the Group earns the majority of its revenue, fail to qualify for the World Cup. Furthermore, the cancellation or curtailment of significant sporting events, for example due to adverse weather, traffic or transport disruption or civil disturbances, may also affect Group revenue. This information is provided to allow for a better understanding of the revenue, however, Group management has concluded that this is not "highly seasonal" in accordance with IAS34.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2.2 INFORMATION PER SEGMENT

Intralot Group manages in 55 countries and states an expanded portfolio of contracts and gaming licenses. The grouping of the Group companies is based on the geographical location in which they are established. The financial results of the Group are presented in the following operating geographic segments based on the geographic location of the Group companies:

European Union:	Greece, Italy, Malta, Cyprus, Poland, Luxembourg, Spain, United Kingdom, Nederland, Romania, Bulgaria, Germany, Slovakia, Croatia and Republic of Ireland.
Other Europe:	Russia, Moldova.
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, Azerbaijan, Taiwan and Morocco.

No two operating segments have been added.

The following information is based on the internal financial reports provided to the manager responsible for taking decisions who is the CEO. The performance of the segments is evaluated based on the sales and profit/(loss) before tax. The Group applies the same accounting policies for the financial results of the above segments 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".

1/1-30/6/2017

(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	281,27	1,62	304,53	145,75	0,00	733,17
Intragroup sales	24,75	0,00	0,48	0,00	−25,23	0,00
Total Sales	**306,02**	**1,62**	**305,01**	**145,75**	**−25,23**	**733,17**
(Debit)/Credit interest & similar (expenses)/income	−22,44	0,19	−2,80	1,40	0,06	−23,59
Depreciation/Amortization	−20,22	−0,79	−11,96	−4,98	2,18	−35,77
Profit/(loss) consolidated with equity method	−0,46	0,00	0,06	−1,61	0,00	−2,01
Write-off & impairment of assets	−0,01	−1,32	−0,16	0,34	0,00	−1,15
Write-off & impairment of investments	−41,47	0,00	0,00	0,00	41,47	0,00
Doubtful provisions, write-off & impairment of receivables	−1,38	0,00	−0,15	−0,42	1,14	−0,81
Reversal of doubtful provisions & recovery of written off receivables	0,00	0,00	0,00	0,03	0,00	0,03
Reversal of provisions for participations impairment	36,21	0,00	0,00	0,00	−36,21	0,00
Profit/(Loss) before tax and continuing operations	**5,77**	**−1,32**	**9,75**	**37,04**	**−24,62**	**26,62**
Tax	−0,77	−0,20	−4,90	−11,64	0,00	−17,51
Profit/(Loss) after tax from continuing operations	**5,00**	**−1,52**	**4,85**	**25,40**	**−24,62**	**9,11**
Profit/(Loss) after tax from discontinued operations	0,00	−0,35	0,00	0,00	−11,72	−12,07
Profit/(Loss) after tax from total operations	**5,00**	**−1,87**	**4,85**	**25,40**	**−36,34**	**−2,96**

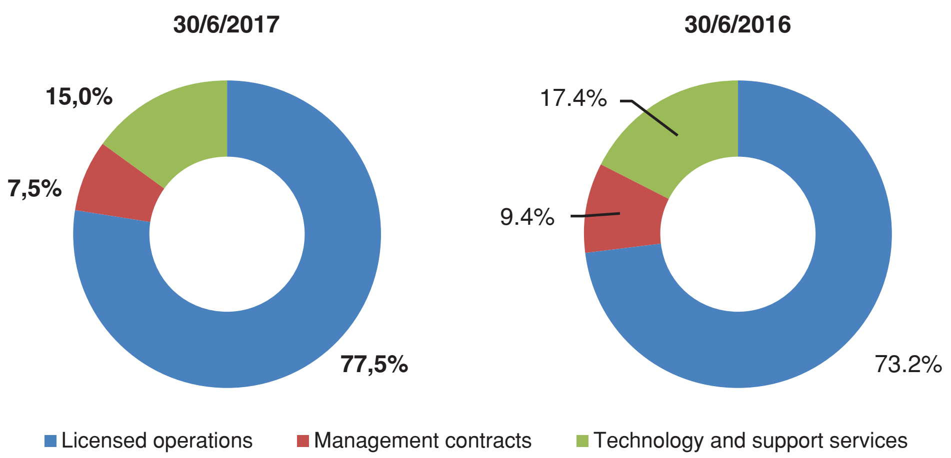
2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

1/1-30/6/2016

(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	240,03	2,99	274,76	119,09	0,00	636,87
Intragroup sales	28,78	0,00	0,50	0,01	–29,29	0,00
Total Sales	**268,81**	**2,99**	**275,26**	**119,10**	**–29,29**	**636,87**
(Debit)/Credit interest & similar (expenses)/income	–27,14	–0,10	–2,23	2,32	–0,73	–27,88
Depreciation/Amortization	–17,14	–0,61	–11,90	–5,11	1,85	–32,91
Profit/(loss) consolidated with equity method	–0,25	0,00	–0,01	–1,51	0,00	–1,77
Write-off & impairment of assets	–0,02	0,00	–0,10	–0,08	0,00	–0,20
Write-off & impairment of investments	–39,50	0,00	0,00	0,00	39,50	0,00
Doubtful provisions, write-off & impairment of receivables	–19,32	0,00	–0,34	–0,24	19,04	–0,86
Reversal of doubtful provisions & recovery of written off receivables	14,37	0,00	0,00	0,00	–14,07	0,30
Profit/(Loss) before tax and continuing operations	**–43,38**	**0,67**	**21,03**	**31,71**	**10,24**	**20,27**
Tax	–1,34	–0,85	–3,89	–9,24	0,00	–15,32
Profit/(Loss) after tax from continuing operations	**–44,72**	**–0,18**	**17,14**	**22,47**	**10,24**	**4,95**
Profit/(Loss) after tax from discontinued operations	–4,15	–0,72	1,74	0,00	37,73	34,60
Profit/(Loss) after tax from total operations	**–48,87**	**–0,90**	**18,88**	**22,47**	**47,97**	**39,55**

	Sales per business activity (continuing operations)		
(in thousand €)	30/6/2017	30/6/2016	Change
Licensed operations	568.292	466.190	21,90%
Management contracts	54.794	59.619	–8,09%
Technology and support services	110.079	111.062	–0,89%
Total	**733.165**	**636.871**	**15,12%**

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



2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2.3 OTHER OPERATING INCOME

	GROUP		COMPANY	
(continuing operations)	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Income from rents from third parties	6.723	6.379	0	0
Income from rents from subsidiaries	0	0	74	74
Income from litigation cases	0	1.724	0	0
Income from uncollected winnings	550	506	0	0
Income from reversal of doubtful provisions and proceeds for written off receivables from third parties	30	300	0	0
Income from reversal of doubtful provisions and proceeds for written off receivables from subsidiaries	0	0	0	14.371
Other income	1.512	1.301	12	2
Other income from affiliates	0	0	31	0
Total	**8.815**	**10.210**	**117**	**14.447**

2.4 INCOME TAX

GROUP (continuing operations)	30/6/2017	30/6/2016
Current income tax	19.046	14.444
Deferred income tax	−247	1.058
Tax audit differences and other taxes non-deductible	−1.293	−187
Total income tax expense reported in income statement	**17.506**	**15.315**

The income tax expense for the Company was calculated to 29% on the taxable profit of the periods 1/1-30/6/2017 and 1/1-30/6/2016 respectively.

COMPANY	30/6/2017	30/6/2016
Current income tax	0	0
Deferred income tax	−675	−290
Tax audit differences and other taxes non deductible	−1.867	−1.050
Total income tax expense reported in income statement	**−2.542**	**−1.340**

2.5 INCOME / (EXPENSES) FROM PARTICIPATIONS AND INVESTMENTS

	GROUP		COMPANY	
(continuing operations)	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Income from dividends	1.840	1.025	14.846	9.677
Gain from sale of participations and investments	24	251	1.055	0
Other income from participations and investments	0	4	0	0
Total income from participations and investments	**1.864**	**1.280**	**15.901**	**9.677**
Loss from sale of participations and investments	−882	−2.638	0	0
Loss from impairment / write-offs of participations and investments	0	0	−4.445	−78
Total expenses from participations and investments	**−882**	**−2.638**	**−4.445**	**−78**
Net result from participations and investments	**982**	**−1.358**	**11.456**	**9.599**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2.6 GAIN / (LOSS) FROM ASSETS DISPOSAL, IMPAIRMENT LOSS & WRITE OFF OF ASSETS

	GROUP		COMPANY	
(continuing operations)	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Gain from disposal of tangible and intangible assets	174	46	0	5
Loss from disposal of tangible and intangible assets	−40	−1.615	−6	0
Loss from impairment and write-off of tangible and intangible assets	−1.151	−203	0	0
Net result from tangible and intangible assets	**−1.017**	**−1.772**	**−6**	**5**

2.7 IMPAIRMENT, WRITE OFF AND PROVISIONS FOR DOUBTFUL DEBTS

Included in «Other operating expenses»:

	GROUP		COMPANY	
(continuing operations)	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Provisions for doubtful receivables from subsidiaries	0	0	1.103	11.910
Provisions for doubtful receivables from debtors	748	793	250	272
Receivables write off from debtors	64	67	0	0
Receivables write off from associates	0	0	0	0
Total	**812**	**860**	**1.353**	**12.182**

2.8 INTEREST AND SIMILAR EXPENSES / INTEREST AND SIMILAR INCOME

	GROUP		COMPANY	
(continuing operations)	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Interest Expense(1)	−24.419	−30.090	−8.430	−9.408
Loss on derivatives	0	0	0	0
Finance costs	−2.369	−3.346	−283	−235
Discounting	−422	−675	0	0
Total Interest and similar expenses	**−27.210**	**−34.111**	**−8.713**	**−9.643**
Interest Income	3.208	5.983	1.605	1.640
Gains on derivatives	0	0	0	0
Discounting	415	245	0	0
Total Interest and similar Income	**3.623**	**6.228**	**1.605**	**1.640**
Net Interest and similar Income / (Expenses)	**−23.587**	**−27.883**	**−7.108**	**−8.003**

(1) Including the amortized costs, expenses and fees of banking institutions in connection with the issue of bond and syndicated loans, as well as repurchase of bond loans costs.

2.9 FOREIGN EXCHANGE DIFFERENCES

The Group reported in the Income Statement For the first half of 2017 losses from «Exchange differences» amounting €4.200 thousand (first half of 2016: losses €3.053 thousand) coming 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 30/6/2017 as well as from valuation of trade receivables (from third parties and associates) in USD of the Company on 30/6/2017.

2.10 TANGIBLE AND INTANGIBLE ASSETS

Acquisitions and disposals of tangible and intangible assets:

During the first half of 2017, the Group acquired tangible (owner occupied) and intangible assets with acquisition cost €38.747 thousand (discontinued operations €13 thousand), (first half 2016: €33.943 thousand—discontinued operations €3.062 thousand).

Also, during the first half of 2017, the Group sold tangible (owner occupied) and intangible assets with a net book value of €142 thousand (first half 2016: €3.966 thousand—discontinued operations €1 thousand), making a net gain amounting to €134 thousand (first half 2016: net loss €1.568 thousand—discontinued operations: net gain €1 thousand) which was recorded in the account "Gain/(loss) from assets disposal, impairment loss & write-off of assets".

Write-offs and impairment of tangible and intangible assets:

During the first half of 2017, the Group proceeded to writes-offs and impairments of tangible (owner-occupied) and intangible assets with a net book value of €1.151 thousand (first half 2016: €889 thousand—discontinued operations €684 thousand), which were recorded in the account "profit / (loss) from assets disposal, impairment loss & write-off of assets".

Exchange differences on valuation of tangible and intangible assets:

The net book value of tangible (owner-occupied and investment) and intangible assets of the Group decreased in the first half of 2017 due to foreign exchange valuation differences by €13,2 million.

Goodwill and Intangible assets with indefinite useful life impairment test

Management tests goodwill for impairment annually (December 31) or more frequently if events occur or changes in conditions 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» of the annual Financial Statements of *31 December 2016*.

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:

	Goodwill		Intangible assets with indefinite useful life	
CGU	**30/6/2017[(1)]**	**31/12/2016**	**30/6/2017**	**31/12/2016**
European Union	24.365	24.202	2.300	2.331
Other Europe	0	0	0	0
America	18.723	20.434	2.607	2.832
Other countries	37.282	40.357	0	0
Total	**80.370**	**84.993**	**4.907**	**5.163**

(1) The net decrease in goodwill during the first half of 2017 by €4.623 thousand is caused by foreign currency translation differences losses on goodwill valuation from acquisitions of foreign subsidiaries with a different functional currency made by the Group in the past.

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 is 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 it 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, the renewal of the relevant contracts beyond the five year period is very possible. 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. The Cost of debt is based on the interest rate of the loans that the Group must facilitate. The specific risk of each country is incorporated by implementing individualized sensitivity factors «beta» (beta factors). The sensitivity factors «beta» are 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 31/12/2016, 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.

2.11 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	30/6/2017	31/12/2016
Lotrich Information Co LTD	40%	Taiwan	6.071	6.065
Goreward LTD Group	49,99%	China	60.808	70.501
Bit8 LTD Group	39%	Malta	4.967	5.492
Gamenet Group SpA	20%	Italy	83.496	83.532
Intralot de Peru SAC	20%	Peru	14.997	15.217
Total			**170.339**	**180.807**

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	30/6/2017	31/12/2016
Opening Balance	**180.807**	**40.863**
Participation in net profit / (loss) of associates and joint ventures	−2.012	−4.574
Companies merge *(note 2.20)*	0	83.520
Acquisition of additional stake	0	800
Change in consolidation method	0	16.179
Additions/contribution in kind	0	51.104
Foreign exchange differences	−8.195	3.325
Impairment	0	−10.403
Dividends	−166	0
Other	−95	−7
Closing Balance	**170.339**	**180.807**

COMPANY INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	30/6/2017	31/12/2016
Lotrich Information Co LTD	40%	Taiwan	5.131	5.131
Intralot De Peru SAC	20%	Peru	5.528	5.528
Total			**10.659**	**10.659**

COMPANY INVESTMENT IN SUBSIDIARIES	% Participation	Country	30/6/2017	31/12/2016
Intralot Holdings International LTD	100%	Cyprus	4.464	4.464
Betting Company S.A.	95%	Greece	139	139
Inteltek Internet AS	20%	Turkey	26.081	66.081
Bilyoner Interactif Hizmelter AS	50,01%	Turkey	10.751	10.751
Intralot Global Securities BV	100,00%	Nederland	57.028	57.028
Intralot Global Holdings BV	0,002%	Nederland	37.268	1
Loteria Moldovei SA	47,90%	Moldova	0	656
Intralot Iberia Holdings SA	100%	Spain	5.638	5.638
Other			322	323
Total			**141.691**	**145.081**
Grand Total			**152.350**	**155.740**

COMPANY INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	30/6/2017	31/12/2016
Opening Balance	**155.740**	**172.294**
Capitalization of affiliates receivables	0	10.550
Disposal of affiliates share	0	−20.781
Provisions / reverse of provisions for impairment of affiliates	−4.445	−4.078
Provisions for impairment of associates	0	−1.000
Participation fee of affiliate	1.055	0
Return of capital from affiliates	0	−1.245
Closing Balance	**152.350**	**155.740**

2.12 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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Opening Balance	**21.910**	**26.085**	**1.483**	**3.243**
Purchases	400	2.453	0	0
Addition due to acquisition	0	90	0	0
Return of Capital	0	−3.292	0	0
Disposals	−871	−421	0	0
Fair value revaluation	−207	−2.974	−201	−1.760
Foreign exchange differences	−14	−31	0	0
Closing balance	**21.218**	**21.910**	**1.282**	**1.483**
Quoted securities	1.206	1.949	37	24
Unquoted securities	20.012	19.961	1.245	1.459
Total	**21.218**	**21.910**	**1.282**	**1.483**
Long-term Financial Assets	21.157	21.910	1.221	1.483
Short-term Financial Assets[1]	61	0	61	0
Total	**21.218**	**21.910**	**1.282**	**1.483**

(1) Concern derivative financial assets for currency risk hedging

During the first half of 2017, the Group losses arising from the valuation at fair value of the above financial assets amounting €207 thousand (first half 2016: losses €1.278 thousand) are analyzed in losses amounting €95 thousand (first half 2016: losses €1.281 thousand) reported in particular equity reserves (revaluation reserve and hedging reserve) and in losses amounting €112 thousand (first half 2016: gain of €3 thousand) reported in the income statement. Respectively for the Company, losses amounting €201 thousand (first half 2016: losses of €1 thousand) are analyzed in losses amounting €201 thousand (first half 2016: losses of €1 thousand) that were reported in particular equity reserves (revaluation reserve and hedging reserve).

For investments that are actively traded in organized financial markets, the 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.

2.13 INVENTORIES

	GROUP		COMPANY	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Merchandise—Equipment	31.115	30.841	19.957	18.888
Other	6.169	3.487	0	0
Total	**37.284**	**34.328**	**19.957**	**18.888**
Provisions for impairment	−2.074	−2.078	0	0
Total	**35.210**	**32.250**	**19.957**	**18.888**

For the first half of 2017, the amount transferred to profit and loss from disposals/usage of inventories for the Group amounts to €1.096 thousand (first half of 2016: €5.965 thousand) while the respective amount for the Company is €717 thousand (first half of 2016: €2.157 thousand) and is included in "Cost of Sales".

	GROUP		COMPANY	
Reconciliation of changes in inventories provision for impairment	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Opening balance for the period	**−2.078**	**−3.336**	**0**	**−1.753**
Period provisions*	0	−500	0	0
Reversed provisions	0	0	0	0
Used provisions	0	1.753	0	1.753
Foreign exchange differences	4	5	0	0
Closing balance for the period	**−2.074**	**−2.078**	**0**	**0**

* Included in «Cost of sales»

There are no liens on inventories.

2.14 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 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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Cash and bank current accounts	144.990	163.453	24.477	20.356
Short term time deposits	2.219	948	0	0
Total	**147.209**	**164.401**	**24.477**	**20.356**

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. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2.15 SHARE CAPITAL, TREASURY SHARES AND RESERVES

Share Capital

Total number of authorized shares	30/6/2017	31/12/2016
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 2016	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31 December 2016	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 30 June 2017	**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 11/6/2014, as amended by the resolution of the Shareholder's Annual General Meeting of 19/5/2015 and 18/5/2017, has approved a buy-back program from the Company, of up to 10% of the paid share capital, for the time period of 24 months with effect from 11/06/2014 and until 11/06/2018, with a minimum price of €1,00 and maximum price of €12,00. It has also approved that the treasury shares which will eventually be acquired may be held for future acquisition of shares of another company or to be distributed to Company's personnel and to the personnel of Company's affiliates.

During the first half of 2017, the Company purchased 5.400 treasury shares (0,003% of the Company's share capital) at an average price of €1,09 per share, totalling €6 thousand. Until 30/6/2017 the Company has purchased 1.588.169 treasury shares (1,00% of the company's share capital) with average price €1,08 per share, with total price of €1.715 thousand.

	GROUP		COMPANY	
	Number of ordinary shares	€ '000	Number of ordinary shares	€ '000
Balance 1 January 2016	**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**
Repurchase of treasury shares	5.400	6	5.400	6
Balance 30 June 2017	**1.588.169**	**1.715**	**1.588.169**	**1.715**

Reserves

Foreign exchange differences reserve

This reserve is used to report the exchange differences arising from the translation of foreign subsidiaries' financial statements. The balance of this reserve in the Group on 30/6/2017 was €−64,7 million (31/12/2016: €−61,2 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 first half of 2017 amounting to €9,6 million (first half of 2016: loss of €4,0 million), out of which loss of €3,6 million is attributable to the owners of the parent and a loss of €6,0 million to non-controlling interest. The above total net loss for 2017 comes mainly from the fluctuation of the USD, TRY, JMD, ARS and CNY against the EUR.

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

- Statement of Financial Position:

	30/6/2017	31/12/2016	Change
EUR / USD	1,14	1,05	8,6%
EUR / JMD	146,65	135,02	8,6%
EUR / TRY	4,01	3,71	8,1%
EUR / PEN	3,71	3,53	5,1%
EUR / AZN	1,93	1,85	4,3%
EUR / ARS	18,98	16,67	13,9%
EUR / PLN	4,23	4,41	−4,1%
EUR / BRL	3,76	3,43	9,6%

- Income Statement:

	Avg. 1/1-30/6/2017	Avg. 1/1-30/6/2016	Change
EUR / USD	1,08	1,12	−3,6%
EUR / JMD	139,58	136,14	2,5%
EUR / TRY	3,94	3,26	20,9%
EUR / PEN	3,55	3,77	−5,8%
EUR / AZN	1,89	1,72	9,9%
EUR / ARS	17,01	15,99	6,4%
EUR / PLN	4,27	4,37	−2,3%
EUR / BRL	3,44	4,13	−16,7%

Other Reserves

	GROUP		COMPANY	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Statutory reserve	27.732	27.076	15.896	15.896
Extraordinary reserves	1.687	1.689	1.456	1.456
Tax free and specially taxed reserves	31.235	31.245	28.601	28.601
Actuarial differences reserve	−35	−37	−82	−82
Hedging reserve	61	0	61	0
Revaluation reserve	−3.825	−3.937	−2.197	−1.935
Total	**56.855**	**56.036**	**43.735**	**43.936**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Analysis of changes in other comprehensive income by category of reserves

GROUP 1/1-30/6/2017	Actuarial differences Reserve	Revaluation Reserve	Hedging Reserve	Foreign exchange differences Reserve	Retained Earnings	Total	Non-controlling interest	Grand total
Defined benefit plans revaluation for subsidiaries and parent company	−4	0	0	0	1	**−3**	−4	**−7**
Revaluation of defined benefit plans of associates and joint ventures	4	0	0	0	0	**4**	0	**4**
Valuation of available for sale financial assets of subsidiaries and parent company	0	111	0	0	0	**111**	16	**127**
Share of valuation of available for sale financial assets of associates and joint ventures	0	−11	0	0	0	**−11**	0	**−11**
Valuation of derivatives of subsidiaries and parent company	0	0	61	0	0	**61**	0	**61**
Foreign exchange differences on consolidation of subsidiaries	0	0	0	4.641	0	**4.641**	−6.054	**−1.413**
Share of foreign exchange differences on consolidation of associates and joint ventures	0	0	0	−8.195	0	**−8.195**	0	**−8.195**
Other comprehensive income / (expenses) after tax	**0**	**100**	**61**	**−3.554**	**1**	**−3.392**	**−6.042**	**−9.434**

GROUP 1/1-30/6/2016	Actuarial differences Reserve	Revaluation Reserve	Hedging Reserve	Foreign exchange differences Reserve	Retained Earnings	Total	Non-controlling interest	Grand total
Defined benefit plans revaluation for subsidiaries and parent company	416	0	0	0	−46	**370**	−59	**311**
Valuation of available for sale financial assets of subsidiaries and parent company	0	−1.279	0	0	0	**−1.279**	0	**−1.279**
Valuation of derivatives of subsidiaries and parent company	0	0	−67	0	0	**−67**	0	**−67**
Foreign exchange differences on consolidation of subsidiaries	0	0	0	1.440	0	**1.440**	−2.757	**−1.317**
Share of foreign exchange differences on consolidation of associates and joint ventures	0	0	0	−2.683	0	**−2.683**	0	**−2.683**
Other comprehensive income / (expenses) after tax	**416**	**−1.279**	**−67**	**−1.243**	**−46**	**−2.219**	**−2.816**	**−5.035**

COMPANY 1/1-30/6/2017	Revaluation Reserve	Hedging reserve	Total
Valuation of available for sale financial assets	−262	0	**−262**
Valuation of derivatives	0	61	**61**
Other comprehensive income / (expenses) after tax	**−262**	**61**	**−201**

COMPANY 1/1-30/6/2016	Revaluation Reserve	Hedging reserve	Total
Valuation of available for sale financial assets	−1	0	**−1**
Valuation of derivatives	0	−67	**−67**
Other comprehensive income / (expenses) after tax	**−1**	**−67**	**−68**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2.16 DIVIDENDS

Declared dividends of ordinary shares:	GROUP 30/6/2017	GROUP 31/12/2016	COMPANY 30/6/2017	COMPANY 31/12/2016
Final dividend of period 2012-2013	0	689	0	0
Final dividend of 2014	173	32	0	0
Final dividend of 2015	482	26.572	0	0
Interim dividend of 2016	0	16.255	0	0
Final dividend of 2016	23.751	0	0	0
Interim dividend of 2017	6.593	0	0	0
Dividend per statement of changes in equity	**30.999**	**43.548**	**0**	**0**

Paid Dividends on ordinary shares:

During the first half of 2017 dividends paid on ordinary shares, aggregated €27.497 thousand (first half 2016: €27.959 thousand).

2.17 LONG TERM LOANS

	Currency	Interest rate	GROUP 30/6/2017	GROUP 31/12/2016	COMPANY 30/6/2017	COMPANY 31/12/2016
Facility A (€250 million)	EUR	6,00%	246.586	245.998	0	0
Facility B (€250 million)	EUR	6,75%	246.676	245.494	0	0
Facility C (€225 million)	EUR	1M Euribor + 5,50%	152.272	156.964	0	0
Intercompany Loans			0	0	229.752	237.348
Other			17.279	8.709	0	0
Total Loans			**662.813**	**657.165**	**229.752**	**237.348**
Less: Payable during the next year			− 10.115	− 13.273	0	0
Long Term Loans			**652.698**	**643.892**	**229.752**	**237.348**

- 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 15 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 30/6/2017.
- 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 15, 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 30/6/2017.
- Facility C: 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 30/6/2017 was €155 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 30/6/2017 covers the economic clauses of the syndicated loan.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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.

Reconciliation of liabilities arising from financing activities:

GROUP	Balance 31/12/2016	Cash flows	Non cash adjustments: Accrued interest	Non cash adjustments: Foreign exchange differences	Non cash adjustments: Transfers	Balance 30/6/2017
Long term loans	643.892	6.919	636	−107	1.358	652.698
Short term loans	13.273	−23.899	22.496	−151	−1.604	10.115
Long term finance lease	684	−143	0	−35	0	506
Short term finance lease	1.460	−810	45	−23	0	672
Total liabilities from financing activities	**659.309**	**−17.933**	**23.177**	**−316**	**−246**	**663.991**

GROUP	Balance 31/12/2015	Cash flows	Non cash adjustments: Accrued interest	Non cash adjustments: Foreign exchange differences	Non cash adjustments: New consolidated entities / Companies disposal	Non cash adjustments: Transfers	Non cash adjustments: Loss on bond buy back / Unpaid issuing cost	Balance 31/12/2016
Long term loans	716.094	−100.045	25.791	0	1.994	2.267	−2.209	643.892
Short term loans	29.365	−66.889	52.773	24	267	−2.267	0	13.273
Long term finance lease	1.966	−1.296	0	14	0	0	0	684
Short term finance lease	6.815	−5.662	304	3	0	0	0	1.460
Total liabilities from financing activities	**754.240**	**−173.892**	**78.868**	**41**	**2.261**	**0**	**−2.209**	**659.309**

2.18 SHARED BASED BENEFITS

The Group had no active option plan during the first half of 2017.

2.19 FINANCIAL ASSETS AND LIABILITIES

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

30/6/2017 Financial assets:	Loans and receivables	Available for sale financial assets	Derivative financial assets	Total
Trade receivables	93.014	0	0	**93.014**
Receivables from related parties	23.629	0	0	**23.629**
Prepaid expenses and other receivable	72.502	0	0	**72.502**
Bad debtors provisions	−15.514	0	0	**−15.514**
Other quoted financial assets	0	1.206	0	**1.206**
Other unquoted financial assets	0	19.951	61	**20.012**
Total	**173.631**	**21.157**	**61**	**194.849**
Long term	23.558	21.157	0	**44.715**
Short term	150.073	0	61	**150.134**
Total	**173.631**	**21.157**	**61**	**194.849**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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**

30/6/2017 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	51.695	0	0	**51.695**
Payables to related parties	27.046	0	0	**27.046**
Other liabilities	59.513	0	0	**59.513**
Derivatives	0	0	0	**0**
Borrowing and finance lease	663.991	0	0	**663.991**
Total	**802.245**	**0**	**0**	**802.245**
Long term	669.304	0	0	**669.304**
Short term	132.941	0	0	**132.941**
Total	**802.245**	**0**	**0**	**802.245**

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**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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

30/6/2017 Financial assets:	Loans and receivables	Available for sale financial assets	Derivative financial assets	Total
Trade receivables	43.685	0	0	**43.685**
Receivables from related parties	83.148	0	0	**83.148**
Prepaid expenses and other receivable	25.794	0	0	**25.794**
Bad debtors provisions	−48.384	0	0	**−48.384**
Other quoted financial assets	0	37	0	**37**
Other unquoted financial assets	0	1.184	61	**1.245**
Total	**104.243**	**1.221**	**61**	**105.525**
Long term	140	1.221	0	**1.361**
Short term	104.103	0	61	**104.164**
Total	**104.243**	**1.221**	**61**	**105.525**

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**

30/6/2017 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	10.681	0	0	**10.681**
Payables to related parties	40.439	0	0	**40.439**
Other liabilities	7.812	0	0	**7.812**
Derivatives	0	0	0	**0**
Borrowing and finance lease	229.752	0	0	**229.752**
Total	**288.684**	**0**	**0**	**288.684**
Long term	229.752	0	0	**229.752**
Short term	58.932	0	0	**58.932**
Total	**288.684**	**0**	**0**	**288.684**

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**

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 30 June 2017 and 31 December 2016:

	GROUP			
	Carrying Amount		Fair Value	
Financial Assets	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Other long-term financial assets—classified as “available for sale”	21.157	21.910	21.157	21.910
Other long-term receivables	23.558	22.407	23.558	22.407
Trade and other short-term receivables	150.073	169.979	150.073	169.979
Short term derivative financial assets	61	0	61	0
Cash and cash equivalents	147.209	164.401	147.209	164.401
Total	**342.058**	**378.697**	**342.058**	**378.697**
Financial Liabilities				
Long-term loans	652.698	643.892	683.471	656.502
Other long-term liabilities	16.100	17.271	16.100	17.271
Liabilities from finance leases	506	684	506	684
Trade and other short term payables	122.154	128.141	122.154	128.141
Short-term loans and finance lease	10.787	14.733	11.010	14.791
Total	**802.245**	**804.721**	**833.241**	**817.389**

	COMPANY			
	Carrying Amount		Fair Value	
Financial Assets	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Other long-term financial assets—classified as “available for sale”	1.221	1.483	1.221	1.483
Other long-term receivables	140	144	140	144
Trade and other short-term receivables	104.103	128.010	104.103	128.010
Short term derivative financial assets	61	0	61	0
Cash and cash equivalents	24.477	20.356	24.477	20.356
Total	**130.002**	**149.993**	**130.002**	**149.993**
Financial Liabilities				
Long-term loans	229.752	237.348	229.752	237.348
Trade and other short term payables	58.932	65.871	58.932	65.871
Total	**288.684**	**303.219**	**288.684**	**303.219**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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 the inputs used in making these measurements. 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 30/6/2017 the following assets and liabilities measured at fair value:

		Fair value hierarchy		
GROUP	**Fair Value 30/6/2017**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**21.157**	**1.206**	**0**	**19.951**
—Quoted shares	*1.206*	*1.206*	*0*	*0*
—Unquoted shares	*19.951*	*0*	*0*	*19.951*
Derivative financial instruments	**61**	**0**	**61**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

		Fair value hierarchy		
COMPANY	**Fair Value 30/6/2017**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**1.221**	**37**	**0**	**1.184**
—Quoted shares	*37*	*37*	*0*	*0*
—Unquoted shares	*1.184*	*0*	*0*	*1.184*
Derivative financial instruments	**61**	**0**	**61**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**0**	**0**	**0**	**0**

During 2017 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 31/12/2016 the following assets and liabilities measured at fair value:

		Fair value hierarchy		
GROUP	**Fair Value 31/12/2016**	**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 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 1/1/2016	**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 sales	−90	0
Foreign exchange differences	−31	0
Balance 31/12/2016	**19.961**	**1.459**
Period purchases	400	0
Disposals	−15	0
Fair value adjustment	−387	−275
Foreign exchange differences	−8	0
Balance 30/6/2017	**19.951**	**1.184**

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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

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 forecasted 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
	Sales growth rate	0.0%-95.8% (5.3%)	6.0%-6.0% (6.0%)
DCF	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). This analysis did not indicate a situation in which the carrying value of the Group's significant investments in unquoted shares exceeds their recoverable amount.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

2.20 SUPPLEMENTARY INFORMATION

A. BUSINESS COMBINATION AND METHOD OF CONSOLIDATION

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

	I. Full consolidation	Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
	INTRALOT SA	Maroussi, Greece	Holding company / Technology and support services	Parent	Parent	—
3.	BETTING COMPANY S.A.	Maroussi, Greece	Technology and support services	95%	5%	100%
23.	BETTING CYPRUS LTD	Nicosia, Cyprus	Technology and support services		100%	100%
	INTRALOT IBERIA HOLDINGS SA	Madrid, Spain	Holding company	100%		100%
27.	INTRALOT JAMAICA LTD	Kingston, Jamaica	Technology and support services		100%	100%
27.	INTRALOT TURKEY A.S.	Istanbul, Turkey	Technology and support services	50%	49,99%	99,99%
27.	INTRALOT DE MEXICO LTD	Mexico City, Mexico	Technology and support services		99,80%	99,80%
27.	INTRALOT CHILE SPA	Santiago, Chile	Technology and support services		100%	100%
27.	INTELTEK INTERNET AS	Istanbul, Turkey	Management contracts	20%	25%	45%
28.	AZERINTELTEK AS	Baku, Azerbaijan	Licensed operations		22,95%	22,95%
	POLDIN LTD	Warsaw, Poland	Technology and support services	100%		100%
	ATROPOS S.A.	Maroussi, Greece	Technology and support services	100%		100%
	INTRALOT SERVICES S.A.	Paiania, Greece	Technology and support services	100%		100%
	INTRALOT ADRIATIC DOO	Zagreb, Croatia	Technology and support services	100%		100%
	BILYONER INTERAKTIF HIZMELTER AS GROUP	Istanbul, Turkey	Management contracts	50,01%		50,01%
	INTRALOT MAROC S.A.	Casablanca, Morocco	Management contracts	99,83%		99,83%
2.	GAMING SOLUTIONS INTERNATIONAL LTDA	Bogota, Colombia	Management contracts	99%	1%	100%
2.	INTRALOT INTERACTIVE S.A.	Maroussi, Greece	Technology and support services	65,24%	34,76%	100%
	INTRALOT GLOBAL SECURITIES B.V.	Amsterdam, Netherlands	Holding company	100%		100%
1.	INTRALOT FINANCE LUXEMBOURG S.A.	Luxembourg, Luxembourg	Financial services		100%	100%
1.	INTRALOT CAPITAL LUXEMBOURG S.A.	Luxembourg, Luxembourg	Financial services		100%	100%
1,2,3,4.	INTRALOT GLOBAL HOLDINGS B.V.	Amsterdam, Netherland	Holding company		100%	100%
5.	INTRALOT INC	Atlanta, USA	Technology and support services		100%	100%
12.	DC09 LLC	Wilmington, USA	Technology and support services		49%	49%
5.	INTRALOT AUSTRALIA PTY LTD	Melbourne, Australia	Technology and support services		100%	100%
26.	INTRALOT GAMING SERVICES PTY	Melbourne, Australia	Technology and support services		100%	100%
5.	ILOT CAPITAL UK LTD	Hertfordshire, United Kingdom	Financial services	0,02%	99,98%	100%
5.	ILOT INVESTMENT UK LTD	Hertfordshire, United Kingdom	Financial services	0,02%	99,98%	100%
5.	INTRALOT NEDERLAND B.V.	Amsterdam, Netherlands	Technology and support services		100%	100%
5.	LOTROM S.A.	Bucharest, Romania	Management contracts		60%	60%
5.	INTRALOT BEIJING Co LTD	Beijing, China	Technology and support services		100%	100%
5.	TECNO ACCION S.A.	Buenos Aires, Argentina	Technology and support services		50,01%	50,01%
5.	TECNO ACCION SALTA S.A.	Buenos Aires, Argentina	Licensed operations		50,01%	50,01%
5.	MALTCO LOTTERIES LTD	Valetta, Malta	Licensed operations		73%	73%
5.	INTRALOT NEW ZEALAND LTD	Wellington, New Zealand	Technology and support services		100%	100%
5.	INTRALOT DO BRAZIL LTDA	Sao Paulo, Brazil	Licensed operations		80%	80%
14.	OLTP LTDA	Rio de Janeiro, Brazil	Licensed operations		80%	80%
5.	INTRALOT GERMANY GMBH	Munich, Germany	Technology and support services		100%	100%
5.	INTRALOT SOUTH KOREA S.A.	Seoul, S. Korea	Technology and support services		100%	100%
5.	INTRALOT FINANCE UK LTD	London, United Kingdom	Financial services		100%	100%
5.	INTRALOT ASIA PACIFIC LTD	Hong Kong, China	Technology and support services		100%	100%
5.	WHITE EAGLE INVESTMENTS LTD	Hertfordshire, United Kingdom	Holding company		100%	100%
5.	BETA RIAL Sp.Zoo	Warsaw, Poland	Holding company		100%	100%
5.	POLLOT Sp.Zoo	Warsaw, Poland	Holding company		100%	100%
15,16,17	TOTOLOTEK S.A.	Warsaw, Poland	Licensed operations		95,45%	95,45%
5.	INTRALOT SLOVAKIA SPOL. S.R.O.	Bratislava, Slovakia	Technology and support services		100%	100%
5.	SLOVENSKE LOTERIE A.S.	Bratislava, Slovakia	Licensed operations		51%	51%
5.	NIKANTRO HOLDINGS Co LTD	Nicosia, Cyprus	Holding company		100%	100%
19.	LOTERIA MOLDOVEI S.A.	Chisinau, Moldova	Licensed operations	47,90%	32,85%	80,75%
5.	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	Nicosia, Cyprus	Holding company		54,95%	54,95%
5,6.	ROYAL HIGHGATE LTD	Nicosia, Cyprus	Licensed operations		35,08%	35,08%
5.	INTRALOT LEASING NEDERLAND B.V.	Amsterdam, Netherland	Financial services		100%	100%
5.	INTRALOT IRELAND LTD	Dublin, Ireland	Technology and support services		100%	100%
5.	BILOT INVESTMENT LTD	Sofia, Bulgaria	Holding company		100%	100%
34.	EUROBET LTD	Sofia, Bulgaria	Licensed operations		49%	49%
35.	EUROBET TRADING LTD	Sofia, Bulgaria	Trading company		49%	49%
35.	ICS S.A.	Sofia, Bulgaria	Licensed operations		49%	49%
5.	TECNO ACCION URUGUAY S.A. (Pilmery Corporation S.A.)	Montevideo, Uruguay	Technology and support services		50,10%	50,10%
5.	INTRALOT GLOBAL OPERATIONS B.V.	Amsterdam, Netherland	Technology and support services		100%	100%
5,2.	GAMEWAY LTD	Valletta, Malta	Technology and support services		100%	100%
5.	INTRALOT ITALIAN INVESTMENTS B.V.	Amsterdam, Netherlands	Holding company		100%	100%
5.	INTRALOT CYPRUS GLOBAL ASSETS LTD	Nicosia, Cyprus	Holding company		100%	100%
8.	INTRALOT OOO	Moscow, Russia	Management contracts		100%	100%
8.	INTRALOT ST. LUCIA LTD	Castries, Santa Lucia	Holding company		100%	100%
9.	INTRALOT GUATEMALA S.A.	Guatemala City, Guatemala	Holding company		100%	100%

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

	I. Full consolidation	Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
10.	LOTERIAS Y APUESTAS DE GUATEMALA S.A.	Guatemala City, Guatemala	Technology and support services		51%	51%
9.	INTRALOT DOMINICANA S.A.	St. Dominicus, Dominican Republic	Technology and support services		100%	100%
9.	INTRALOT LATIN AMERICA INC	Miami, USA	Holding company		100%	100%
9.	CARIBBEAN VLT SERVICES LTD	Castries, Santa Lucia	Technology and support services		50,001%	50,001%
9.	INTRALOT CARIBBEAN VENTURES LTD	Castries, Santa Lucia	Holding company		50,05%	50,05%
11.	SUPREME VENTURES LTD	Kingston, Jamaica	Licensed operations		24,97%	24,97%
	INTRALOT HOLDINGS INTERNATIONAL LTD	Nicosia, Cyprus	Holding company	100%		100%
2.	INTRALOT INTERNATIONAL LTD	Nicosia, Cyprus	Technology and support services		100%	100%
3.	INTRALOT OPERATIONS LTD	Nicosia, Cyprus	Technology and support services		100%	100%
2,4.	NETMAN SRL	Bucharest, Romania	Management contracts		100%	100%
2.	BILOT EOOD	Sofia, Bulgaria	Holding company		100%	100%
20.	EUROFOOTBALL LTD	Sofia, Bulgaria	Licensed operations		49%	49%
21.	EUROFOOTBALL PRINT LTD	Sofia, Bulgaria	Licensed operations		49%	49%
2.	INTRALOT TECHNOLOGIES LTD	Nicosia, Cyprus	Technology and support services		100%	100%
22.	INTRALOT LOTTERIES LTD	Nicosia, Cyprus	Holding company	51%	49%	100%
2.	INTRALOT BUSINESS DEVELOPMENT LTD	Nicosia, Cyprus	Technology and support services		100%	100%
2,4.	GAMING SOLUTIONS INTERNATIONAL SAC	Lima, Peru	Licensed operations		100%	100%
2.	NAFIROL S.A.	Montevideo, Uruguay	Technology and support services		100%	100%
2.	LEBANESE GAMES S.A.L	Beirut, Lebanon	Technology and support services		99,99%	99,99%
2.	INTRALOT HONG KONG HOLDINGS LTD	Hong Kong, China	Holding company		100%	100%
2.	ENTERGAMING LTD	Alderney, Guernsey	Licensed operations		100%	100%
2.	INTRALOT BETTING OPERATIONS RUSSIA LTD	Nicosia, Cyprus	Holding company		100%	100%
24.	FAVORIT BOOKMAKERS OFFICE OOO	Moscow, Russia	Licensed operations		100%	100%

	II. Equity method	Domicile	Nature of business	% Direct Part'n	% Indirect Part'n	% Total Part'n
	LOTRICH INFORMATION Co LTD	Taipei, Taiwan	Technology and support services	40%		40%
	INTRALOT SOUTH AFRICA LTD	Johannesburg, S. Africa	Technology and support services	45%		45%
2,3.	GOREWARD LTD	Taipei, Taiwan	Holding company		49,99%	49,99%
29.	GOREWARD INVESTMENTS LTD	Taipei, Taiwan	Holding company		49,99%	49,99%
29.	PRECIOUS SUCCESS LTD GROUP	Hong Kong, China	Licensed operations		24,49%	24,49%
29.	GAIN ADVANCE GROUP LTD	Hong Kong, China	Holding company		49,99%	49,99%
29.	OASIS RICH INTERNATIONAL LTD	Taipei, Taiwan	Technology and support services		49,99%	49,99%
30.	WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	Shanghai, China	Technology and support services		49,99%	49,99%
5.	BIT8 LTD	Valletta, Malta	Technology and support services		39%	39%
18.	SWITCH IT NV	Willemstad, Curacao	Technology and support services		39%	39%
18.	FUTURE PLATFORMS LTD	Valletta, Malta	Technology and support services		39%	39%
2.	UNICLIC LTD	Nicosia, Cyprus	Holding company		50%	50%
25.	DOWA LTD	Nicosia, Cyprus	Holding company		30%	30%
36.	GAMENET GROUP S.p.A.[3]	Rome, Italy	Holding company		20%	20%
31.	GAMENET S.p.A.[2]	Rome, Italy	Licensed operations		20%	20%
32.	INTRALOT HOLDING & SERVICES S.p.A.[1]	Rome, Italy	Licensed operations		20%	20%
7.	INTRALOT GAMING MACHINES S.p.A.[1]	Rome, Italy	Licensed operations		20%	20%
7.	INTRALOT ITALIA S.p.A[1]	Rome, Italy	Licensed operations		20%	20%
13.	VENETA SERVIZI S.R.L.[1]	Rome, Italy	Licensed operations		20%	20%
32.	GAMENET ENTERTAINMENT S.R.L.	Rome, Italy	Licensed operations		20%	20%
33.	GAMECITY S.R.L.	Camaiore, Italy	Licensed operations		20%	20%
33.	LA CHANCE S.R.L.	Rome, Italy	Licensed operations		12%	12%
37.	SLOT PLANET S.R.L.	Milan, Italy	Licensed operations		12%	12%
32.	GAMENET SCOMMESSE S.p.A.	Rome, Italy	Licensed operations		20%	20%
32.	GAMENET RENTING S.R.L.	Rome, Italy	Technology and support services		20%	20%
32.	TOPPLAY S.R.L.	Rome, Italy	Licensed operations		20%	20%
32.	GNETWORK S.R.L.	Rome, Italy	Licensed operations		20%	20%
32.	VERVE S.p.A.	Campione d'Italia, Italy	Licensed operations		20%	20%
32.	BILLIONS ITALIA S.R.L.	Rome, Italy	Licensed operations		10,20%	10,20%
32.	JOLLY VIDEOGIOCHI S.R.L.	Rome, Italy	Licensed operations		14%	14%
32.	NEW MATIC S.R.L.	Rome, Italy	Licensed operations		10,20%	10,20%
32.	AGESOFT S.R.L.	Rome, Italy	Technology and support services		12%	12%
	INTRALOT DE PERU SAC[2]	Lima, Peru	Licensed operations	20%		20%

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Subsidiary of the company:

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

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(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 2.20.A.VIII.A).

(2) 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 2.20.A.VIII.B).

(3) The Group consolidated on 30/6/2017 the Group Gamenet Group S.p.A. with the equity method using the financial statements for the period 1/10-31/3/2017 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, Loteria Moldovei S.A., Caribbean VLT Services Ltd 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 30/6/2017, 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 and during 2016	−4.816
Acquisition consideration in cash paid after the acquisition date and during 2017	−5.404

During the first half of 2017, the Eurobet Group contributed revenue (sale proceeds) amounting €29.731 thousand and earnings before taxes from continuing operations amounting to €2.552 thousand.

B) Gamenet Group S.p.A.—Italy

During the first half of 2017 the associate company Gamenet Entertainment S.R.L. (20%) acquired by 60% the Italian company La Chance S.R.L. which owns 100% of the Italian company Slot Planet S.R.L. These companies are active in the management of VLT gaming halls. At the same time during the first half of 2017 the associate company Intralot Holding & Services S.p.A. (20%) acquired 2% of Intralot Gaming Machines S.p.A. previously held by Gamenet S.p.A.

IV. New Companies of the Group

During the first half of 2017 the Group proceeded to the establishment of the subsidiary company Intralot Italian Investments B.V. (100%).

V. Changes in ownership percentage during 2017

During the second quarter of 2017, the Group acquired an additional 4.06% of ordinary shares with voting rights of the subsidiary company Intralot Interactive SA, increasing its stake to 100%. The total consideration amounted to €15 thousand. Below are the effects on equity attributable to the equity holders of the Company for the change of ownership rights of Intralot Interactive SA that do not result in the loss of control:

Amounts in thousands of €	
Book value of addition stake in Intralot Interactive SA	−25
Difference recognized in retained earnings attributable to the equity holders of the Company	10

At the same time, during the second quarter of 2017 the associate company Gamenet S.p.A. (20%) increased its stake in Verve S.p.A. to 100% from 51%.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

VI. Subsidiaries' Share Capital Increase

During the first half of 2017 the Group completed a share capital increase through payment in cash in Netman SRL amounting €214 thousand, in Intralot Chile S.p.A. amounting €1.059 thousand and in Gameway Ltd amounting €39 thousand.

VII. Strike off—Disposal of Group Companies

In January 2017, the Group completed the liquidation and strike off of its subsidiary, Intralot Argentina S.A.

In the end of July of 2017 the Group signed a memorandum of understanding regarding the potential sale of its 50.05% stake in Intralot Caribbean Ventures Ltd. Other than the signature of the memorandum of understanding, no other action has taken place, such as the initiation of a due diligence process or signing a definitive sales contract.

VIII. Discontinued Operations

A) Italy

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 2.20.A.III.B), 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 half of 2016 (in 2016 they were consolidated with the full consolidation method until 27/6/2016):

	1/1-30/6/2016
Sale proceeds	323.256
Expenses	−332.739
Other operating income	394
Other operating expenses	−1.150
EBIT	**−10.239**
EBITDA	**3.923**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	−686
Interest and similar expenses	−827
Interest and similar income	3
Profit/(loss) before tax	**−11.749**
Income tax	0
	−11.749
Gain/(loss) from disposal of discontinued operations	45.185
Corresponding tax	0
Profit/(loss) after tax from discontinued operations	**33.436**

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Below are presented the results of the discontinued operations of the Group subsidiaries in Italy for the second quarter of 2016.

	1/4-30/6/2016
Sale proceeds	158.954
Expenses	−165.940
Other operating income	191
Other operating expenses	−531
EBIT	**−7.326**
EBITDA	**−218**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	−377
Interest and similar expenses	−739
Interest and similar income	2
Profit/(loss) before tax	**−8.440**
Income tax	0
	−8.440
Gain/(loss) from disposal of discontinued operations	45.185
Corresponding tax	0
Profit/(loss) after tax from discontinued operations	**36.745**

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 €21.112 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.

Below are presented the net cash flows of the discontinued operations of the Group subsidiaries in Italy for the first half of 2016:

	1/1-30/6/2016
Operating activities	4.443
Investing activities	−22.627
Financing activities	−818
Net increase / (decrease) in cash and cash equivalents for the period	**−19.002**

Since the end of June, the Group consolidates 20% of the combined operation (Gamenet Group SpA—note 2.20.A.III.B) 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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the period 1/1-30/6/2016 (in 2016 they were consolidated with the full consolidation method until 24/11//2016):

	1/1-30/6/2016
Sale proceeds	62.285
Expenses	−59.110
Other operating income	7
Other operating expenses	−137
EBIT	**3.045**
EBITDA	**5.257**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	1
Interest and similar expenses	−171
Interest and similar income	124
Foreign exchange differences	−163
Profit/(loss) before tax	**2.836**
Income tax	−982
	1.854
Gain/(loss) from disposal of discontinued operations	0
Corresponding tax	0
Profit/(loss) after tax from discontinued operations	**1.854**

Below are presented the results of discontinued operations of the Group in Peru (Intralot de Peru S.A.C.) for the second quarter of 2016:

	1/4-30/6/2016
Sale proceeds	32.025
Expenses	−30.613
Other operating income	7
Other operating expenses	−128
EBIT	**1.291**
EBITDA	**2.418**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	1
Interest and similar expenses	−94
Interest and similar income	6
Foreign exchange differences	0
Profit/(loss) before tax	**1.204**
Income tax	−534
	670
Gain/(loss) from disposal of discontinued operations	0
Corresponding tax	0
Profit/(loss) after tax from discontinued operations	**670**

Below are presented the net cash flows of the Group's discontinued operations in Peru (Intralot de Peru S.A.C.):

	1/1-30/6/2016
Operating activities	4.975
Investing activities	−868
Financing activities	−113
Net increase / (decrease) in cash and cash equivalents for the period	**3.994**

C) Russia

In December 2016, the Group definitively 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. In June 2017, the Group signed a disposal agreement for the 100% of Favorit Bookmakers Office OOO.

Below are presented the results of discontinued operations of the Group in Russia (Favorit Bookmakers Office OOO) for the first half of 2017 and 2016:

	1/1-30/6/2017	1/1-30/6/2016
Sale proceeds	0	0
Expenses	−215	−589
Other operating income	0	0
Other operating expenses	0	0
EBIT	**−215**	**−589**
EBITDA	**−200**	**−118**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0	0
Interest and similar expenses	−12	−12
Interest and similar income	0	8
Foreign exchange differences	−19	−94
Profit/(loss) before tax	**−246**	**−687**
Income tax	0	0
	−246	**−687**
Gain/(loss) from disposal of discontinued operations	−11.825	0
Relevant tax	0	0
Profit/(loss) after tax from discontinued operations	**−12.071**	**−687**

Below are presented the results of discontinued operations of the Group in Russia ((Favorit Bookmakers Office OOO) for the second quarter of 2017 and 2016 respectively:

	1/4-30/6/2017	1/4-30/6/2016
Sale proceeds	0	0
Expenses	−89	−305
Other operating income	0	0
Other operating expenses	0	0
EBIT	**−89**	**−305**
EBITDA	**−81**	**−57**
Gain/(loss) from assets disposal, impairment loss and write-off of assets	0	0
Interest and similar expenses	−6	−6
Interest and similar income	0	4
Foreign exchange differences	13	−39
Profit/(loss) before tax	**−82**	**−346**
Income tax	0	0
	−82	**−346**
Gain/(loss) from disposal of discontinued operations	−11.825	0
Relevant tax	0	0
Profit/(loss) after tax from discontinued operations	**−11.907**	**−346**

The consideration price for Favorit Bookmakers Office OOO amounted to €3.284 thousand and was paid in two installments (June 2017: €785 thousand and August 2017: €2.499 thousand). The net assets of Favorit Bookmakers Office OOO at the sale amounted to €584 thousand bringing the gross profits from the sale of discontinued operations at €2.700 thousand. Subtracting the foreign exchange differences reclassified from the foreign exchange reserve to the income statement of the Group, the net loss from the sale of the discontinued operations amounted to €11.825 thousand, which are presented in the Statement Group Results (line "Profit / (loss) after tax from discontinued operations").

The Group's net cash inflow during the transfer of the discontinued operations in Russia (Favorit Bookmakers Office OOO) amounted to €446 thousand, consisting of the consideration price (1st instalment) and the de- recognition of Favorit Bookmakers Office OOO cash and cash equivalents.

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

	1/1-30/6/2017	1/1-30/6/2016
Operating activities	−278	−215
Investing activities	−339	8
Financing activities	−1	−9
Net increase / (decrease) in cash and cash equivalents for the period	**−618**	**−216**

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	1/1-30/6/2017	1/1-30/6/2016
—basic	−0,0767	0,2185
—diluted	−0,0767	0,2185
Weighted Average number of shares	157.373.760	158.379.761

IX. Companies merge

In July 2017 the associate company Gamenet S.p.A. (20%) absorbed its 100% subsidiaries, Intralot Holding & Services S.p.A. and Intralot Gaming Machines, S.p.A.

B. REAL LIENS

A Group subsidiary in Malta has banking facility amounting €4,3 million, for issuing bank letters of guarantee. This facility is secured by an initial general mortgage on all the subsidiary's present and future assets (on 30/6/2017 the letters of guarantee used amounted to €4,0 million). Also, a Group subsidiary in Bulgaria has secured a loan of €2,0 million by pledging its total trading activity and fixed assets of its subsidiary. Also, a Group subsidiary in United Kingdom has banking facility amounting €15,0 million. This facility is secured by a Dutch subsidiary shares pledge (on 30/6/2017 the outstanding balance of this facility was €10,0 million).

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

On June 30, 2017 the Group had no contractual commitments for the purchase of tangible assets.

In the Group Statement of Financial Position (row "Trade and other short term receivables") of 30/6/2017 included collateralized bank deposits as security coverage for banking facilities amounting €5.030 thousand (31/12/2016: €14.030 thousand) and other collateralized bank deposits amounting to €369 thousand (31/12/2016: €370 thousand). Respectively, in Company on 30/6/2017 included collateralized bank deposits as security coverage for banking facilities amounting €5.030 thousand (31/12/2016: €14.030 thousand) and other collateralized bank deposits amounting to €132 thousand (31/12/2016: €132 thousand). In the Group's and Company's Cash Flow Statement for the first half of 2017, the line "(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments" includes an inflow of €9.000 thousand from the release of bank deposits. The initial commitment to bank collateral of €14.000 thousand took place in the fourth quarter of 2016.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

C. PROVISIONS

GROUP	Litigation cases[1]	Unaudited fiscal years and tax audit expenses[2]	Other provisions[3]	Total provisions
Period opening balance	**5.087**	**9.329**	**6.435**	**20.851**
Period additions	0	0	756	**756**
Used provisions	0	−5.753	−2.689	**−8.442**
Discounting	0	0	11	**11**
Foreign exchange differences	−463	0	−145	**−608**
Period closing balance	**4.624**	**3.576**	**4.368**	**12.568**
Long term provisions	**4.624**	**3.186**	**448**	**8.258**
Short term provisions	**0**	**390**	**3.920**	**4.310**
Total	**4.624**	**3.576**	**4.368**	**12.568**

(1) Relate to litigation cases as analyzed in note *2.21.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 €2.131 thousand as well as provisions for future payments under "onerous contracts" as provided by IAS 37 amounting to €736 thousand. The Other provisions are expected to be used in the next 1-6 years.

COMPANY	Litigation cases[1]	Unaudited fiscal years and tax audit expenses[2]	Other provisions	Total provisions
Period opening balance	**5.088**	**8.869**	**91**	**14.048**
Used provisions	0	−5.753	0	**−5.753**
Foreign exchange differences	−464	0	0	**−464**
Period closing balance	**4.624**	**3.116**	**91**	**7.831**
Long term provisions	**4.624**	**3.116**	**0**	**7.740**
Short term provisions	**0**	**0**	**91**	**91**
Total	**4.624**	**3.116**	**91**	**7.831**

(1) Relate to litigation cases as analyzed in note *2.21.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 on 30/6/2017 amounted to 5.168 persons (Company/subsidiaries 3.288 and associates 1.880) and the Company's to 714 persons. Respectively on 30/6/2016 the number of employees of the Group amounted to 5.233 persons (Company/subsidiaries 4.591 and associates 642) and the Company 671 persons. At the end of 2016 fiscal year the number of employees of the Group amounted to 5.293 persons (subsidiaries 3.449 and associates 1.844) and the Company 689 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.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

Below is a condensed report of the transactions for the first semester of 2017 and the balances on 30/6/2017 of other related parties:

Amounts reported in thousands of € (total operations)	1/1-30/6/2017	
	GROUP	COMPANY
Income		
—from subsidiaries	0	22.812
—from associates	1.895	1.790
—from other related parties	3.812	2.711
Expenses		
—to subsidiaries	0	9.666
—to associates	−177	−177
—to other related parties	3.659	2.590
BoD and Key Management Personnel transactions and fees	4.883	2.338

Amounts reported in thousands of €	30/6/2017	
	GROUP	COMPANY
Receivables		
—from subsidiaries	0	68.669
—from associates	10.058	5.401
—from other related parties	13.571	9.078
Payables		
—to subsidiaries	0	252.390
—to associates	197	8
—to other related parties	27.045	17.793
BoD and Key Management Personnel receivables	0	0
BoD and Key Management Personnel payables	123	0

Below there is a summary of the transactions for the first semester of 2016 and the balances on 31/12/2016 with related parties:

Amounts reported in thousands of € (total operations)	1/1-30/6/2016	
	GROUP	COMPANY
Income		
—from subsidiaries	0	21.009
—from associates	1.055	902
—from other related parties	2.754	2.571
Expenses		
—to subsidiaries	0	10.536
—to associates	6	6
—to other related parties	3.190	2.322
BoD and Key Management Personnel transactions and fees	4.966	2.280

Amounts reported in thousands of €	31/12/2016	
	GROUP	COMPANY
Receivables		
—from subsidiaries	0	73.222
—from associates	10.480	5.788
—from other related parties	16.102	10.342
Payables		
—to subsidiaries	0	265.797
—to associates	562	6
—to other related parties	30.637	17.737
BoD and Key Management Personnel receivables	298	0
BoD and Key Management Personnel payables	476	239

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 first semester of 2017, the Company made a provisions concerning an estimate of reduction of the recoverable value of receivables from subsidiaries amounting to €1,1 million that were recorded in the income statement of the period.

In the first semester of 2016, the Company made a reversal of provisions concerning an estimate of reduction of the recoverable value of receivables from subsidiaries amounting to €14,4 million due to realized and expected relevant receipts from these subsidiaries and was recorded in the income statement of the period.

At the same time, in the first semester of 2016, the Company made provisions regarding an estimate for reduction in the recoverable amount of receivables from subsidiaries amounting to €10,6 million which were recorded in the income statement of the period while an amount of €0,5 million of provisions made in previous years was definitively used due to the merger of the Group's activities in Italy.

The accumulated relevant provisions on 30/6/2017 amounted to €38,5 million (31/12/2016: €37,4 million).

2.21 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 decision of the plenary session of the Supreme Court was issued which rejected the reasons for cassation that were brought for judgment before the plenary session, while the remaining reasons for cassation were referred for hearing to the competent Supreme Court's department.

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 a decision of the Court of Appeals was issued which ordered the repeat of the appeal's hearting. Until today, no new hearing date for the appeal has been served to the Company.

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 (€1.264.630) 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 was rejected and the case is finally closed.

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 (€151.819) plus interest to be paid to them. A First Instance Court decision was issued which accepted the lawsuit against Intralot. The Company will file an appeal against this decision.

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 (€6,8m). 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 (€2,2m) 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 which was heard and were rejected. The decision is now final and therefore enforceable however Intralot Holdings International Ltd. filed an application for cassation which is pending.

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 (€1.217.379) and to the subsidiary LOTROM to 512.469 ROL (€112.574). 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. The Competition Board filed a separate appeal against the decision which accepted Intralot's application for the annulment which has not been yet scheduled for hearing.

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 a decision was issued accepting Intralot's lawsuit in full. ODIE filed an appeal against this decision which has been scheduled for hearing on 1 November 2018 before the Athens Court of Appeal.

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 and the hearing date is set for 5 December 2017. 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 (€203.955) 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 which has been scheduled to be heard on 15 November 2017. Against the injunctions decision Econocom Nederland B.V. filed an appeal which has been scheduled to be heard on 13 November 2017.

w. In Romania, the company "INTRAROM SA" having its registered offices in Romania, requested arbitration against Intralot before the Arbitration Court of the Romanian Chamber of Commerce and Industry claiming the amount of 3.960.649,42 RON (€937.232) for unpaid invoices and the amount of 3.210.848,10 RON (€759.802) for delay penalties until 11.7.2017 and additional delay penalties from 11.7.2017 until payment. The abovementioned request for arbitration was received via post on 16 August 2017. At present, Intralot evaluates the request for arbitration together with its external counsels in Romania and until the finalization of this procedure Intralot reserves the position that it has strong arguments to object the claims of "INTRAROM SA". The case is in the preliminary case of the appointments of arbitrators.

Until 29/08/2017, 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) SUBSIDIARIES

COMPANY	YEARS	COMPANY	YEARS
INTRALOT S.A.	2013-2016	INTRALOT SLOVAKIA SPOL. S.R.O.	2014-2016
BETTING COMPANY S.A.	2007-2010 & 2012-2016	SLOVENSKE LOTERIE A.S.	2012-2016
BETTING CYPRUS LTD	2011-2016	TORSYS S.R.O.(2)	2012-2013
INTRALOT IBERIA HOLDINGS SA	2013-2016	TACTUS S.R.O.(2)	2012-2014
INTRALOT JAMAICA LTD	2010-2016	NIKANTRO HOLDINGS Co LTD	2011-2016
INTRALOT TURKEY A.S.	2012-2016	LOTERIA MOLDOVEI S.A.	2014-2016
INTRALOT DE MEXICO LTD	2006-2016	INTRALOT BETTING OPERATIONS (CYPRUS) LTD	2011-2016
INTRALOT CHILE SPA	—	ROYAL HIGHGATE LTD	2008-2016
INTELTEK INTERNET AS	2012-2016	INTRALOT LEASING NEDERLAND B.V.	2013-2016
AZERINTELTEK AS	—	INTRALOT IRELAND LTD	2014-2016
POLDIN LTD	2012-2016	BILOT INVESTMENT LTD	2016
ATROPOS S.A.	2010-2016	EUROBET LTD	2013-2016
INTRALOT SERVICES S.A.	2015-2016	EUROBET TRADING LTD	2013-2016
INTRALOT ADRIATIC DOO	2015-2016	ICS S.A.	2012-2016
BILYONER INTERAKTIF HIZMELTER AS GROUP	2012 & 2015-2016	TECNO ACCION URUGUAY S.A. (Pilmery Corporation S.A.)	2016
INTRALOT MAROC S.A.	2016	INTRALOT GLOBAL OPERATIONS B.V.	2016
GAMING SOLUTIONS INTERNATIONAL LTDA	2012-2016	GAMEWAY LTD	2016
INTRALOT INTERACTIVE S.A.	2012-2016	INTRALOT ITALIAN INVESTMENTS B.V.	—
INTRALOT GLOBAL SECURITIES B.V.	2013-2016	INTRALOT CYPRUS GLOBAL ASSETS LTD	2012-2016
INTRALOT FINANCE LUXEMBOURG S.A.	2013-2016	INTRALOT OOO	2014-2016
INTRALOT CAPITAL LUXEMBOURG S.A.	2014-2016	INTRALOT ST. LUCIA LTD	2011-2016
INTRALOT GLOBAL HOLDINGS B.V.	2013-2016	INTRALOT GUATEMALA S.A.	2009-2016
INTRALOT INC	2013-2016	LOTERIAS Y APUESTAS DE GUATEMALA S.A.	2009-2016

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

COMPANY	YEARS	COMPANY	YEARS
DC09 LLC	2013-2016	INTRALOT DOMINICANA S.A.	2009-2016
INTRALOT AUSTRALIA PTY LTD	2013-2016	INTRALOT LATIN AMERICA INC	2008-2016
INTRALOT GAMING SERVICES PTY	2013-2016	CARIBBEAN VLT SERVICES LTD	—
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.	2012-2016	INTRALOT INTERNATIONAL LTD	2010-2016
INTRALOT BEIJING Co LTD	2007-2016	INTRALOT OPERATIONS LTD	2011-2016
TECNO ACCION S.A.	2012-2016	NETMAN SRL	2012-2016
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 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	2012-2016	INTRALOT BETTING OPERATIONS RUSSIA LTD	2011-2016
POLLOT Sp.Zoo	2012-2014 & 2016	FAVORIT BOOKMAKERS OFFICE OOO	2014-2016
TOTOLOTEK S.A.	2012-2016	INTRALOT DE COLOMBIA (BRANCH)	2012-2016

(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 AzerInteltek AS for the period 2012-2016, in Bilyoner Interaktif Hiizmelter AS Group for the period 2013-2014, in Intralot Leasing Nederland B.V. for the year 2013 (regarding VAT), in Intralot Chile SPA for the year 2016, in Intralot Inc for the year 2015 in respect to sales taxes in the Ohio State, resulting in a charge amounting € 76 thousand which was paid to the tax authorities and the tax audit was partly completed in Intralot Jamaica Ltd for the period 2010-2012. 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 Tecno Accion S.A., for the period 2014-2015 and in Supreme Ventures Ltd (regarding VAT) for the period 2010-2013. 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 period 2011-2015, the company Intralot S.A. for the period 2014-2015 and the company Intralot Services S.A. for the year 2015. For Intralot S.A., Betting Company S.A., Intralot Interactive S.A. and Intralot Services 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 which did not justify the Company, which filed an appeal before the Council of State. The Company's management and its legal advisors consider that there is a significant probability that the appeal 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 and 2008 without incurring any tax liability for the Company. Finally, the tax audit for the fiscal year 2012 was completed without any tax burden on the Company's results.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

II) ASSOCIATE COMPANIES & JOINT VENTURES

COMPANY	YEARS	COMPANY	YEARS
LOTRICH INFORMATION Co LTD	2016	INTRALOT GAMING MACHINES S.p.A.	2012-2016
INTRALOT SOUTH AFRICA LTD	2016	INTRALOT ITALIA S.p.A	2012-2016
GOREWARD LTD	—	VENETA SERVIZI S.R.L.	2012-2016
GOREWARD INVESTMENTS LTD	—	GAMENET ENTERTAINMENT S.R.L.	2012-2016
PRECIOUS SUCCESS LTD GROUP	2013-2016	GAMECITY S.R.L.	2016
GAIN ADVANCE GROUP LTD	—	GAMENET SCOMMESSE S.p.A.	2012-2016
OASIS RICH INTERNATIONAL LTD	—	GAMENET RENTING S.R.L.	2012-2016
WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	—	TOPPLAY S.R.L.	2012-2016
BIT8 LTD	2016	GNETWORK S.R.L.	2012-2016
SWITCH IT NV	—	VERVE S.p.A.	2012-2016
FUTURE PLATFORMS LTD	2016	BILLIONS ITALIA S.R.L.	2012-2016
UNICLIC LTD	2004-2016	JOLLY VIDEOGIOCHI S.R.L.	2012-2016
DOWA LTD	2004-2016	NEW MATIC S.R.L.	2012-2016
GAMENET GROUP S.p.A.	2016	AGESOFT S.R.L.	2016
GAMENET S.p.A.	2012-2016	INTRALOT DE PERU S.A.C.	2015-2016
INTRALOT HOLDING & SERVICES S.p.A.	2012-2016	SERVICIOS TRANSDATA S.A.[1]	2012-2013

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

The tax audits were completed in New Matic Srl for the year 2011, where a tax charge of €0,4 million was incurred, in Gamenet Entertainment Srl for the year 2014 (regarding VAT and income tax) as well as in Wusheng Computer Technology Co Ltd for the year 2016. Also the tax audits for the year 2015 were completed in Lotrich Information Co Ltd and Intralot South Africa Ltd without incurring any tax burden. In Servicios Transdata S.A the tax audit for income tax was 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. The tax audit is in progress for Gamenet S.p.A for the year 2013.

C. COMMITMENTS

I) Operating lease payment commitments

On 30 June 2017 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 June 30, 2017. Future minimum lease payments of non-cancelable lease contracts as at June 30, 2017 are as follows:

	GROUP		COMPANY	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Within 1 year	7.855	8.084	763	883
Between 2 and 5 years	6.821	9.840	1.560	1.607
Over 5 years	971	1.156	725	870
Total	**15.647**	**19.080**	**3.048**	**3.360**

II) Guarantees

The Company and the Group on June 30, 2017 had the following contingent liabilities from guarantees for:

	GROUP		COMPANY	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Bid	0	1.423	0	0
Performance	192.796	209.743	45.186	55.119
Financing	35.206	33.889	30.888	33.216
Total	**228.002**	**245.055**	**76.074**	**88.335**

	GROUP	
	30/6/2017	31/12/2016
Guarantees issued by the parent and subsidiaries:		
—third party	221.978	230.780
—third party on behalf of affiliates	6.024	14.275
Total	**228.002**	**245.055**

	COMPANY	
	30/6/2017	31/12/2016
Guarantees issued by the parent:		
—third party on behalf of subsidiaries	66.858	70.622
—third party on behalf of affiliates	6.024	14.276
—third party on behalf of the parent	3.192	3.437
Total	**76.074**	**88.335**

III) Financial lease payment commitments

GROUP	Minimum of the lease payments 30/6/2017	Present value of the minimum lease payments 30/6/2017	Minimum of the lease payments 31/12/2016	Present value of the minimum lease payments 31/12/2016
Within 1 year	703	672	1.534	1.460
After 1 year but not more than 5 years	518	506	709	684
After more than 5 years	0	0	0	0
Minus: Interest	−43	0	−99	0
Total	**1.178**	**1.178**	**2.144**	**2.144**

The Company has no obligations under finance leases.

2.22 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.

2.23 SUBSEQUENT EVENTS

In July 2017, INTRALOT S.A. announced the renewal of the current contract of INTRALOT Inc., a subsidiary of the INTRALOT Group in the United States, with the Vermont Lottery for the two-year period from July 1, 2018, through June 30, 2020, and consistent with its initial six-year contract with the option of exercising two two-year extensions, covering the period 2010-2020. The value of this two-year contract is estimated at approximately $5 million. The collaboration between Vermont Lottery and INTRALOT has provided resilient technology solutions and innovative products. In the last seven years, INTRALOT has partnered with the Lottery to earn over $636 million in revenue and $138 million for the Vermont Education Fund. INTRALOT currently provides a secure central gaming system that delivers, manages, and accounts for all current tristate and multistate draw games, inventory control and logistics for the full complement of the Vermont Lottery's scratch games, Fast Play games, Fast Play Progressive games and other related services. In particular, Fast Play Progressive has a special resonance amongst the residents of the State. INTRALOT and the Vermont Lottery will continue their enduring partnership through these two additional years. In 2016, the Vermont Lottery earned a record $124 million in revenue to the benefit of $26,4 million for the Vermont Education Fund. The Vermont Lottery and INTRALOT continue their successful relationship through the growth of product lines and technology. The extended renewal provisions include additional retailer jackpot signs, graphical rebranding of the player-activated lottery vending machines, and a state-of-the-art field sales software solution with related equipment.

2. NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

At the end of August of 2017, INTRALOT extended its current Arkansas Lottery contract for another seven years thus extending the contract term through 2026.

At the end of August of 2017, INTRALOT notified that Gamenet Group S.p.A. ("Gamenet") filed on August 29, 2017 with the Italian Stock Exchange (Borsa Italiana S.p.A.) a request for eligibility to list its shares on the Electronic Stock Exchange (Mercato Telematico Azionario) and, together with its shareholders TCP LUX Eurinvest S.à r.l. and INTRALOT Italian Investments B.V., filed with the National Capital Markets Commission the request for approval of the registration document drafted pursuant to Article 113 of the Italian Legislative Decree no. 58 of February 24, 1998 and Article 52 of the rules adopted by Consob with resolution no. 11971 of May 14, 1999. The possible listing of its shares on the Electronic Stock Exchange managed and organized by the Italian Stock Exchange would allow Gamenet to have additional access to capital markets in order to implement its development strategies. Such potential access to the capital markets would represent an opportunity for TCP LUX Eurinvest S.à r.l. and INTRALOT Italian Investments B.V. to enhance the value of their participation in Gamenet. INTRALOT Italian Investments B.V. is a subsidiary of INTRALOT S.A. and it is holding a 20% participation in Gamenet.

Maroussi, 30 August 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. AN 005290**	**N. G.PAVLAKIS** **ID.No. AZ 012557** **H.E.C. License** **No. 15230/ A' Class**

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

Associated Certified Public Accountants s.a.
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Registry Number SOEL 127

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

		GROUP		COMPANY	
Amounts reported in thousand €	**Note**	**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 1/1-31/12/2016	GROUP 1/1-31/12/2015	COMPANY 1/1-31/12/2016	COMPANY 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 1/10-31/12/2016	GROUP 1/10-31/12/2015	COMPANY 1/10-31/12/2016	COMPANY 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 translatio
Opening Balance 1 January 2016	**47.689**	**−490**	**30.561**	**31.650**	**−59.41**
Effect on retained earnings from previous years adjustments					
Subsidiary share capital return					
New consolidated entities					
Period's results					
Other comprehensive income / (expenses) after tax				−2.616	−1.77
Dividends to equity holders of parent / non-controlling interest					
Effect due to change in ownership percentage					
Transfer between reserves			−3.485	−74	
Treasury shares repurchase		−1.219			
Balances as at 31 December 2016	**47.689**	**−1.709**	**27.076**	**28.960**	**−61.18**

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousands of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currency translation
Opening Balance 1 January 2015	**47.689**	**−490**	**26.001**	**33.806**	**−57.090**
Effect on retained earnings from previous years adjustment					
Period's results					
Other comprehensive income / (expenses) after taxes				−1.619	−2.320
Dividends to equity holders of parent / non-controlling interest					
Effect due to change in ownership percentage					
Transfer between Reserves			4.560	−537	
Balances as at 31 December 2015	**47.689**	**−490**	**30.561**	**31.650**	**−59.410**

STATEMENT OF CHANGES IN EQUITY COMPANY

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousands of €)	Share Capital
Opening Balance 1 January 2016	**47.689**
Period's results	
Other comprehensive income /(expenses) after taxes	
Transfer between reserves	
Balances as at 31 December 2016	**47.689**

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousands of €)	Share Capital
Opening Balance 1 January 2015	**47.689**
Period's results	
Other comprehensive income /(expenses) after taxes	
Transfer between reserves	
Balances as at 31 December 2015	**47.689**

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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".

	GROUP	
Reconciliation of operating profit before tax to EBIT and EBITDA:	**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**

	COMPANY	
Reconciliation of operating profit before tax to EBIT and EBITDA:	**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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	GROUP		COMPANY	
(continuing operations)	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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 DEPRECIATION AND AMORTIZATION

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

	GROUP		COMPANY	
(continuing operations)	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

	GROUP		COMPANY	
(continuing operations)	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

	GROUP		COMPANY	
(continuing operations)	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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	GROUP		COMPANY	
(continuing operations)	**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:

	GROUP		COMPANY	
(continuing operations)	**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

	GROUP		COMPANY	
(continuing operations)	**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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	GROUP		COMPANY	
(continuing operations)	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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	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:

	GROUP		COMPANY	
31/12/2016	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.

	GROUP		COMPANY	
31/12/2015	**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.

	GROUP		COMPANY	
(total operations)	**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.

	GROUP		COMPANY	
(total operations)	**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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 TANGIBLE FIXED ASSETS

GROUP	LAND	BUILDINGS AND INST ALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	F
1 January 2016					
Cost	7.374	25.343	344.557	4.845	
Accumulated depreciation	0	−12.112	−228.998	−3.053	
Net Book value 1 January 2016	**7.374**	**13.231**	**115.559**	**1.792**	
COST					
Additions of the period	0	828	24.832	481	
Transfer of assets from (to) other category	0	32	2.292	0	
Transfer from (to) inventories and intangible assets	0	−2	3	0	
Additions due to acquisition of subsidiaries	0	0	5.875	158	
Disposal of subsidiaries/change in consolidation method	−432	−2.652	−45.906	−689	
Disposals	−3.662	0	−261	−284	
Impairment/ write off	0	−865	−5.025	−110	
Exchange differences	1	200	5.688	−35	
ACCUMULATED DEPRECIATION					
Depreciation of the period	0	−1.596	−38.021	−600	
Disposals	0	0	−20	197	
Impairment / write-off	−1.200	62	4.642	74	
Additions due to acquisition of subsidiaries	0	0	−3.016	−135	
Exchange differences	0	−136	−3.529	17	
Transfer from (to) inventories and intangible assets	0	0	4	2	
Disposal of subsidiaries/change in consolidation method	0	737	32.461	338	
Net book value 31 December 2016	**2.081**	**9.839**	**95.578**	**1.206**	
Cost	3.281	22.884	332.055	4.366	
Accumulated depreciation	−1.200	−13.045	−236.477	−3.160	
Net Book value 31 December 2016	**2.081**	**9.839**	**95.578**	**1.206**	

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amounting t €16 thousand) during the period 1/1-31/12/2016 which were recognized in the income statement (in "Gain / (Loss write-off of assets"—note 2.7). The largest portion, amounting to €7,7 million regards impairment loss of building an 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 & Install €6.109 thousand, Transport Equipment €87 thousand and Furniture & fixtures €1 thousand).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GROUP	LAND	BUILDINGS AND INST ALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT
1 January 2015				
Cost	8.239	29.248	333.482	4.752
Accumulated depreciation	0	− 11.709	− 199.734	− 3.073
Net Book value 1 January 2015	**8.239**	**17.539**	**133.748**	**1.679**
COST				
Additions of the period	0	3.173	19.344	858
Transfer of assets from (to) other category	0	− 733	685	21
Transfer from (to) inventories and intangible assets	0	− 34	− 2.219	0
Transfer to investment properties (note 2.14)	− 929	− 6.765	0	0
Disposals	0	− 417	− 10.305	− 442
Impairment / write-off	0	− 350	− 4.798	− 187
Exchange differences	64	1.221	8.368	− 157
ACCUMULATED DEPRECIATION				
Depreciation of the period	0	− 1.797	− 39.146	− 624
Disposal	0	371	8.579	432
Impairment / Write-off	0	96	4.311	123
Exchange differences	0	− 315	− 5.434	89
Transfer of assets from (to) other categories	0	− 1	37	0
Transfer from (to) inventories and intangible assets	0	4	2.389	0
Transfer to investment properties (note 2.14)	0	1.239	0	0
Net book value 31 December 2015	**7.374**	**13.231**	**115.559**	**1.792**
Cost	7.374	25.343	344.557	4.845
Accumulated Depreciation	0	− 12.112	− 228.998	− 3.053
Net book value 31 December 2015	**7.374**	**13.231**	**115.559**	**1.792**

The Group (continuing operations) recognized impairment losses/write-offs of tangible fixed assets amounting
€359 thousand) during the period 1/1-31/12/2015 which were recognized in the income statement (in "Gain / (Loss
write-off of assets"—note 2.7). The largest portion, amounting to €0,6 million regards impairment loss on assets of a

The net book value of tangible assets held by finance lease was on 31/12/2015 €15.658 thousand. (Buildings & Instal
€13.401 thousand, Transport Equipment €88 thousand and Furniture & fixtures €2.164 thousand).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MA EQ
1 January 2016			
Cost	3.030	7.962	
Accumulated depreciation	0	−3.037	
Net Book value 1 January 2016	**3.030**	**4.925**	
COST			
Additions of the period	0	185	
Transfer from (to) inventories and tangible assets	0	0	
Disposals	0	0	
Impairment / write-off	0	−791	
ACCUMULATED DEPRECIATION			
Depreciation of the period	0	−288	
Disposals	0	0	
Impairment / write-off	−1.200	0	
Net Book value 31 December 2016	**1.830**	**4.031**	
Cost	3.030	7.356	
Accumulated depreciation	−1.200	−3.325	
Net Book value 31 December 2016	**1.830**	**4.031**	

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MA EQ
1 January 2015			
Cost	3.030	5.612	
Accumulated depreciation	0	−2.791	
Net Book value 1 January 2015	**3.030**	**2.821**	
COST			
Additions of the period	0	2.350	
Transfer from (to) inventories and tangible assets	0	0	
Disposals	0	0	
Impairment / write-off	0	0	
ACCUMULATED DEPRECIATION			
Depreciation of the period	0	−246	
Disposals	0	0	
Impairment / write-off	0	0	
Net Book value 31 December 2015	**3.030**	**4.925**	
Cost	3.030	7.962	
Accumulated depreciation	0	−3.037	
Net Book value 31 December 2015	**3.030**	**4.925**	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	Goodwill		Intangible assets with indefinite useful life	
CGU	**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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (third parties)(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 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 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 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 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		COMPANY	
	Number of ordinary shares	€ '000	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%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 DIVIDENDS

Declared dividends of ordinary shares:	GROUP 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 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 31/12/2016	GROUP 31/12/2015	COMPANY 31/12/2016	COMPANY 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	GROUP		COMPANY	
Effect on present value of liability	**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:

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

	GROUP		COMPANY	
Effect on present value of liability	**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:

	GROUP		COMPANY	
PAYABLES	**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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	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:

	Fair Value	Fair value hierarchy		
GROUP	31/12/2016	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**

	Fair Value	Fair value hierarchy		
COMPANY	31/12/2016	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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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%
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%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	I. Full consolidation:	Domicile	% Direct Part'n	% Indirect Part'n	% Total Part'n
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%
	ITRALOT 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%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiary of the company:

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

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(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) Italy

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 definitively 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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	GROUP		COMPANY	
Amounts reported in thousand of €	**31/12/2016**	**31/12/2015**	**31/12/2016**	**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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	COMPANY	PERIODS
LOTRICH INFORMATION Co LTD	2015-2016	INTRALOT GAMING MACHINES S.p.A.	2012-2016
INTRALOT SOUTH AFRICA LTD	2015-2016	INTRALOT ITALIA S.p.A	2011-2016
GOREWARD LTD	—	VENETA SERVIZI S.R.L.	2011-2016
GOREWARD INVESTMENTS LTD	—	GAMENET ENTERTAINMENT S.R.L.	2011-2016
PRECIOUS SUCCESS LTD GROUP	2013-2016	GAMECITY S.R.L.	2011-2016
GAIN ADVANCE GROUP LTD	—	GAMENET SCOMMESSE S.p.A.	2011-2016
KTEMS HOLDINGS CO LTD	—	GAMENET RENTING S.R.L.	2011-2016
OASIS RICH INTERNATIONAL LTD	—	GAMENET FORMAZIONE S.R.L.	2011-2016
WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	2016	GNETWORK S.R.L.	2011-2016
BIT8 LTD	2016	VERVE S.p.A.	2011-2016
SWITCH IT NV	—	BILLIONS ITALIA S.R.L.	2011-2016
FUTURE PLATFORMS LTD	2016	JOLLY VIDEOGIOCHI S.R.L.	2011-2016
UNICLIC LTD	2004-2016	NEW MATIC S.R.L.	2011-2016
DOWA LTD	2004-2016	AGESOFT S.R.L.	2011-2016
GAMENET GROUP S.p.A.	2016	INTRALOT DE PERU S.A.C.	2015-2016
GAMENET S.p.A.	2011-2016	SERVICIOS TRANSDATA S.A.(1)	2012-2013
INTRALOT HOLDING & SERVICES S.p.A.	2011-2016		

(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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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	GROUP 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Financial Liabilities:	31/12/2016 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 Financial Liabilities:	31/12/2015 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 Financial Liabilities:	31/12/2016 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 Financial Liabilities:	31/12/2015 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2015, 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. 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 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference to Other Legal and Regulatory Requirements

a) The Report of the Board of Directors includes a corporate governance statement which provides all information set out in article 43a (§ 3d) of cod. L. 2190/1920.

b) We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying separate and consolidated financial statements, under the legal frame of the articles 43a (§ 3a), 108 and 37 of cod. L. 2190/1920.

Athens, 31 March 2016

The Chartered Accountants

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INTRALOT Group
Interim Financial Statements for the period January 1 to December 31, 2015

ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT GROUP / COMPANY

		GROUP			
Amounts reported in thousand €	**Note**	**1/1-31/12/2015**	**1/1-31/12/2014**	**1/10-31/12/2015**	**1/10-31/12/2014**
Sale Proceeds	2.2	1.914.885	1.853.164	535.043	523.655
Less: Cost of Sales	2.3-2.5	−1.653.325	−1.582.930	−463.138	−446.940
Gross Profit /(Losses)		**261.560**	**270.234**	**71.905**	**76.715**
Other Operating Income		24.944	18.630	7.170	5.377
Selling Expenses	2.3-2.5	−66.420	−60.309	−21.322	−17.752
Administrative Expenses	2.3-2.5	−124.969	−119.941	−33.809	−33.611
Research and Development Expenses	2.3-2.5	−6.063	−7.223	−797	−382
Other Operating Expenses	2.8	−10.040	−13.249	−4.082	−8.442
EBIT	2.1.27	**79.012**	**88.142**	**19.065**	**21.905**
EBITDA	2.1.27	**177.202**	**175.445**	**45.345**	**43.792**
Income/(expenses) from participations and investments	2.6	−231	−40	−163	−538
Gain/(losses) from assets disposal, impairment losses and write-off of assets	2.7	−1.986	−1.516	−1.871	−529
Interest and similar Charges	2.9	−68.640	−70.821	−16.783	−18.249
Interest and similar Income	2.9	18.020	12.495	6.681	3.492
Exchange Differences	2.10	3.627	10.552	2.089	3.667
Profit / (Losses) from equity method consolidations	2.31	−4.063	−2.279	−1.265	−489
Operating Profit/(Losses) Before Tax		**25.739**	**36.533**	**7.753**	**9.259**
Taxes	2.11	−46.415	−44.175	−11.801	−13.641
Net Profit / (Losses) after taxes from Continuing Operations (a)		**−20.676**	**−7.642**	**−4.048**	**−4.382**
Net Profit / (Losses) after taxes from Discontinuing Operations (b)		0	0	0	0
Net Profit / (Losses) (Continuing and Discontinuing Operations) (a) + (b)		−20.676	−7.642	−4.048	−4.382
Attributable to:					
Equity holders of parent		**−65.148**	**−49.546**	**−14.724**	**−17.477**
Non-Controlling Interest	2.31	44.472	41.904	10.676	13.095
Earnings/(losses) after taxes per share (in €)					
—basic	2.12	−0,4111	−0,3117	−0,0929	−0,1099
—diluted	2.12	−0,4111	−0,3117	−0,0929	−0,1099
Weighted Average number of shares	2.12	158.490.975	158.943.422	158.490.975	158.943.422

STATEMENT OF COMPREHENSIVE INCOME GROUP / COMPANY

Amounts reported in thousand €	Note	GROUP 1/1-31/12/2015	1/1-31/12/2014	1/10-31/12/2015	1/10-31/12/201
Net Profit / (Losses) after taxes (continuing and discontinuing operations) (a)+(b)		−20.676	−7.642	−4.048	−4.38
Attributable to:					
Equity holders of parent		−65.148	−49.546	−14.724	−17.47
Non-Controlling Interest	2.31	44.472	41.904	10.676	13.09
Other comprehensive income after tax:					
Amounts that may not be reclassified to profit or loss:					
Defined benefit plans revaluation for parent company and subsidiaries	2.25	−14	−33	−21	−2
Amounts that may be reclassified to profit or loss:					
Valuation of available- for -Sale financial assets of parent and subsidiaries	2.17	−1.749	−3.239	241	2
Share of valuation of available- for -Sale financial assets of associates and joint ventures	2.17	0	−20	0	
Derivatives valuation of parent and subsidiaries	2.33	0	407	0	
Exchange differences on translating foreign operations of subsidiaries	2.22	−13.597	−884	2.811	−4.53
Share of exchange differences on translating foreign operations of associates and joint ventures	2.22	8.204	9.327	2.062	2.33
Other comprehensive income/ (expenses) after taxes		−7.156	5.558	5.093	−2.21
Total income / (expenses) after taxes		−27.832	−2.084	1.045	−6.59
Attributable to:					
Equity holders of parent		−69.149	−48.516	−11.240	−21.99
Non-Controlling Interest	2.31	41.317	46.432	12.285	15.39

STATEMENT OF FINANCIAL POSITION GROUP/COMPANY

		GROUP		COMPANY	
Amounts reported in thousand €	**Note**	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
ASSETS					
Tangible fixed assets	2.13	166.445	182.794	17.338	8.001
Investment property	2.14	5.805	0	0	0
Intangible assets	2.15	328.827	348.854	83.144	77.804
Investment in subsidiaries, associates and joint ventures	2.16	40.863	32.608	172.294	209.661
Other financial assets	2.17	26.085	36.928	3.243	3.254
Deferred Tax asset	2.11	9.115	9.035	0	0
Other long term receivables	2.18	70.225	60.530	200	315
Total Non Current Assets		**647.365**	**670.749**	**276.219**	**299.035**
Inventories	2.20	42.591	52.017	24.064	39.085
Trade and other short term receivables	2.19	202.732	215.073	127.092	128.809
Other financial assets	2.17	0	328	0	0
Cash and cash equivalents	2.21	276.609	416.925	35.859	7.875
Total Current Assets		**521.932**	**684.343**	**187.015**	**175.769**
TOTAL ASSETS		**1.169.297**	**1.355.092**	**463.234**	**474.804**
EQUITY AND LIABILITIES					
Share Capital	2.22	47.689	47.689	47.689	47.689
Treasury Shares	2.22	−490	−490	−490	−490
Other reserves	2.22	62.211	59.807	45.727	46.064
Foreign currency translation	2.22	−59.410	−57.090	0	0
Retained earnings	2.23	79.563	167.563	7.332	10.420
Total equity attributable to shareholders of the parent		**129.563**	**217.479**	**100.258**	**103.683**
Non-Controlling Interest	2.31	77.819	100.060	0	0
Total Equity		**207.382**	**317.539**	**100.258**	**103.683**
Long term Debt	2.24	716.094	557.452	280.673	172.542
Staff retirement indemnities	2.25	6.879	7.053	3.412	4.094
Other long term provisions	2.31	6.638	6.071	4.665	5.423
Deferred Tax liabilities	2.11	16.142	14.740	6.700	5.599
Other long term liabilities	2.27	19.113	14.151	0	0
Finance lease obligation	2.32	1.966	8.600	0	0
Total Non Current Liabilities		**766.832**	**608.067**	**295.450**	**187.658**
Trade and other short term liabilities	2.28	135.280	175.457	62.200	108.972
Short term debt and finance lease	2.29	36.180	232.268	1.358	71.129
Current income taxes payable	2.11	14.986	13.571	608	2
Short term provision	2.31	8.637	8.190	3.360	3.360
Total Current Liabilities		**195.083**	**429.486**	**67.526**	**183.463**
TOTAL LIABILITIES		**961.915**	**1.037.553**	**362.976**	**371.121**
TOTAL EQUITY AND LIABILITIES		**1.169.297**	**1.355.092**	**463.234**	**474.804**

STATEMENT OF CHANGES IN EQUITY GROUP

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousand of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currenc translati
Opening Balance 1st January 2015	**47.689**	**−490**	**26.001**	**33.806**	**−57.09**
Effect on retained earnings from previous years adjustment					
Period's Results					
Other comprehensive income / (expenses) after taxes				−1.619	−2.32
Dividends to equity holders of parent / non-controlling interest					
Effect due to change in ownership percentage					
Transfer between Reserves			4.560	−537	
Balances as at 31rst December 2015	**47.689**	**−490**	**30.561**	**31.650**	**−59.41**

STATEMENT OF CHANGES IN EQUITY INTRALOT GROUP (Amounts reported in thousand of €)	Share Capital	Treasury Shares	Legal Reserve	Other Reserves	Foreign currenc translati
Opening Balance 1st January 2014	**47.689**	**0**	**24.197**	**39.653**	**−61.00**
Effect on retained earnings from previous years adjustment					
Period's Results					
Other comprehensive income/(expenses) after taxes				−2.877	3.91
Dividends to equity holders of parent/non-controlling interest					
Tax deemed dividend distribution				10	
Sale / Liquidation of Subsidiary					
Effect due to change in ownership percentage					
Purchase of own shares		−490			
Transfer between Reserves			1.804	−2.980	
Balances as at 31rst December 2014	**47.689**	**−490**	**26.001**	**33.806**	**−57.09**

STATEMENT OF CHANGES IN EQUITY COMPANY

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousand of €)	Share Capital	Trea Sha
Opening Balance 1st January 2015	**47.689**	**–**
Period's Results		
Other comprehensive income /(expenses) after taxes		
Transfer between Reserves		
Balances as at 31rst December 2015	**47.689**	**–**

STATEMENT OF CHANGES IN EQUITY INTRALOT S.A. (Amounts reported in thousand of €)	Share Capital	Trea Sha
Opening Balance 1st January 2014	**47.689**	
Effect on retained earnings from previous years adjustment		
Period's Results		
Other comprehensive income /(expenses) after taxes		
Purchase of own shares		–
Transfer between Reserves		
Balances as at 31rst December 2014	**47.689**	**–**

CASH FLOW STATEMENT GROUP/COMPANY

Amounts reported in thousand of €	Note	GROUP 1/1-31/12/2015	GROUP 1/1-31/12/2014	COMPANY 1/1-31/12/2015	COMPANY 1/1-31/12/2014
Operating activities					
Profit / (losses) before Taxation		**25.739**	**36.533**	**2.424**	**−2.148**
Plus / Less adjustments for:					
Depreciation and Amortization	2.4	98.190	87.303	10.158	8.877
Provisions	2.7/2.8	9.625	10.833	4.404	94
Results (income, expenses, gains and losses) from Investing Activities	2.6/2.7 2.10/2.16	−183	−10.524	−20.971	−9.375
Interest and similar Charges	2.9	68.640	70.821	24.842	29.441
Interest and similar Income	2.9	−18.020	−12.495	−6.969	−6.271
Plus / Less adjustments of working capital to net cash or related to operating activities:					
Decrease / (increase) of Inventories		1.158	−5.203	8.590	−2.300
Decrease / (increase) of Receivable Accounts		−19.272	14.895	10.931	36.235
(Decrease) / increase of Payable Accounts (except Banks)		−23.905	−10.261	−52.034	−22.827
Less:					
Income Tax Paid		28.188	28.986	0	954
Total inflows / (outflows) from operating activities (a)		**113.784**	**152.916**	**−18.625**	**30.772**
Investing Activities					
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	2.17 2.31	−5.339	7.539	992	−695
Purchases of tangible and intangible assets	2.13-2.15	−70.786	−67.310	−17.645	−18.242
Proceeds from sales of tangible and intangible assets	2.13-2.15	2.106	315	5	0
Interest received		12.326	13.587	1.166	6.361
Dividends received		1.875	999	15.626	4.162
Total inflows / (outflows) from investing activities (b)		**−59.818**	**−44.870**	**144**	**−8.414**
Financing Activities					
Purchase of own shares	2.22	0	−490	0	−490
Cash inflows from loans	2.24	61.423	521.243	289.604	22.500
Repayment of loans	2.24	−58.781	−255.455	−227.806	−12.000
Bond buy backs	2.24	−40.885	−6.322	0	0
Repayments of finance lease obligations		−11.509	−12.170	0	0
Interest and similar charges paid		−64.850	−66.165	−16.895	−30.026
Dividends paid	2.23	−67.682	−23.663	0	0
Total inflows / (outflows) from financing activities (c)		**−182.284**	**156.978**	**44.903**	**−20.016**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)		**−128.318**	**265.024**	**26.422**	**2.342**
Cash and cash equivalents at the beginning of the period	2.31	**416.925**	**143.293**	**7.875**	**5.131**
Net foreign exchange difference		−11.998	8.608	1.562	402
Cash and cash equivalents at the end of the period	2.31	**276.609**	**416.925**	**35.859**	**7.875**

Applying IAS7 par.33 and for a more appropriate presentation, the Group decided since 2015 to classify the outflow “Interest and similar expenses paid” to “Financing activities” instead of “Operating activities”, making a relevant reclassification in 2014 figures for comparative purposes.

INTRALOT Group

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 57 countries and states, more than 5.100 employees and revenues of €1,91 billion for 2015, INTRALOT has established its presence on all 5 major continents.

The annual condensed financial statements of the Group and the Company for the period ended December 30, 2015 were approved by the Board of Directors on March 30, 2016.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2015 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, 2015.

2.1.3 Financial Statements

INTRALOT keeps its accounting books and records and prepares its financial statements in accordance with the Greek Accounting Standards (GAS) Law 4308/2014 chap. 2 & 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, 2015, the accounting policies adopted are consistent with those followed in the preparation of the most recent annual financial statements (December 31, 2014), except for the below mentioned adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2015.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Standards and Interpretations compulsory for the fiscal year 2015

New standards, amendments of published standards and interpretations mandatory for accounting periods beginning on 1st January 2015. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

IFRIC 21 "Levies"

(COMMISSION REGULATION (EU) No.634/2014 of 13th June 2014, L 175 -14/06/2014)

This applies to annual accounting periods starting on or after 17th June 2014. Earlier application is permitted.

On May 2013 the IASB issued IFRIC 21 "Levies". The Interpretation describes how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. This is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group does not expect this interpretation to affect 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 July, 2014. The above amendments will not have significant effect on the Group's financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

(COMMISSION REGULATION (EU) No.1361/2014 of 18th December 2014, L 365/120 -19/12/2014)

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

The amendment clarifies that a first-time adopter entity is allowed to use either the IFRS that is currently mandatory or the new IFRS that is not yet mandatory, if that new IFRS permits early application. It is required the entity to apply the same version of the IFRS throughout the periods covered by the entity's first IFRS financial statements. Consequently, if a first-time adopter chooses to early apply a new IFRS, that new IFRS will be applied throughout all the periods presented in its first IFRS financial statements on a retrospective basis, unless IFRS 1 provides an exemption.

IFRS 3 "Business Combinations"

The amendment clarifies that IFRS3 does not apply the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 "Fair Value Measurement"

The amendment clarifies that the exemption of financial assets, financial liabilities and other contracts, that is mentioned in paragraph 52 of IFRS13, includes all the contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 "Financial Instruments: Presentation".

IAS 40 "Investment Property"

The amendment clarifies whether a specific transaction meets the definition of a business combination as defined in IFRS 3 and includes an investment property as defined in IAS 40, the separate application of both Standards is required.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Standards and Interpretations compulsory after 31 December 2015

The following new standards, amendments and IFRICs have been published but are in effect for the annual fiscal period beginning the 1st of January 2016 and have not been adopted from the Group earlier.

IFRS 9 "Financial Instruments"

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. IFRS 9 has not been endorsed yet by the European Union and cannot, therefore, be implemented earlier by the Group. Only when it has been endorsed will the Group decide whether or not it will implement IFRS 9 before 1st January 2018.

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 14 "Regulatory Deferral Accounts"

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

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.

IFRS 15 "Revenue from Contracts with Customers"

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 will assess the impact of the amendment on its financial statements. This amendment has not yet been endorsed by the European Union.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 recognise:

(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 Group will assess the impact of the new standard on its financial statements. This new standard has 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 new standard on its financial statements. This new standard has 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. The Group will assess the impact of the amendment on its financial statements.

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

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

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

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 amortisation 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"

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

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

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"

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

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

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"

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

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

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

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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. These amendments have not yet been endorsed by the European Union.

IAS 1 (Amendment) "Presentation of Financial Statements"

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

(COMMISSION REGULATION (EU) No. 2015/2406 of 18th December 2015, L 333/97 -19/12/2015)

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 will take 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 above 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 above 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.

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.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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 historical 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 reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Financial assets carried at amortised cost

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

Financial assets carried at cost

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

Available-for-sale financial investments

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

In the case of equity 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.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 charges", "Income / (expenses) from investments and securities", "Write-off and impairment losses of assets", "Gain / (loss) from asset 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 charges", "Income / (expenses) from investments and securities", "Write-off and impairment losses of assets" and "Gain / (loss) from asset disposal".

	GROUP	
Reconciliation of operating profit before tax to EBIT and EBITDA:	**1/1-31/12/15**	**1/1-31/12/14**
Operating profit/(loss) before tax	**25.739**	**36.533**
Profit/(loss) equity method consolidation	4.063	2.279
Exchange differences	−3.627	−10.552
Interest and related income	−18.020	−12.495
Interest and similar charges	68.640	70.821
Income / (expenses) from investments and securities	231	40
Gain / (loss) from assets disposal, impairment losses & write-off of assets	1.986	1.516
EBIT	**79.012**	**88.142**
Depreciation and amortization	98.190	87.303
EBITDA	**177.202**	**175.445**

	COMPANY	
Reconciliation of operating profit before tax to EBIT and EBITDA:	**1/1-31/12/15**	**1/1-31/12/14**
Operating profit/(loss) before tax	**2.424**	**−2.148**
Exchange differences	−2.556	−5.309
Interest and related income	−6.969	−6.271
Interest and similar charges	24.842	29.441
Income / (expenses) from investments and securities	17.836	−4.516
Gain / (loss) from assets disposal, impairment losses & write-off of assets	−6	0
EBIT	**35.571**	**11.197**
Depreciation and amortization	10.158	8.877
EBITDA	**45.729**	**20.074**

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 2.32.B.

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 and 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 and DC09 LLC, in which the Group holds 45%, 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.

Additionally on the above key sources of uncertainty, during the first semester of 2015 the Greek economy was negatively affected from the fact that the negotiations of the Greek government and the Institutions for a new debt agreement failed and led in June 28, 2015 to a Legislative Act (L.A.) that enforced a Bank holiday and capital controls. Bank operations started again in July 20, 2015, however the capital controls still exist. The Greek government finally in August 2015 reached an agreement with the Institutions for a new three year debt agreement amounting to 86 billion Euros. The above events had a negative impact in the Greek economy in the twelve months of 2015, while the continuing uncertainty and the capital controls are expected to negatively affect the first quarter of 2016.

The developments in the Greek economy is not expected to affect the financial results of INTRALOT, since the revenues of the Group from its activities in Greece was less than 2,1% of its total revenues in 2015. The very small exposure of the Group in commercial activities in Greece stems from its highly diversified portfolio of projects in 57 jurisdictions that limits its dependence from any single market.

Moreover, the Management team of INTRALOT has proactively prepared an action plan that analyses various economic risk scenarios and identifies appropriate preventive and remediation actions. The plan of INTRALOT ensures the unobstructed continuation of its business by providing a continuous flow of all human, material, technological and financial resources required for its operations.

2.2 INFORMATION PER SEGMENT

Intralot Group is active in 57 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, Czech Republic and 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 following information is based on the internal financial reports provided to the manager responsible for taking decisions who is the General Director. The performance of the segments is evaluated based on the sales and profit/(loss) before tax. The Group applies the same accounting policies for the financial results of the above segments 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".

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1/1-31/12/2015

(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	958,26	5,21	659,31	292,10	0,00	1.914,88
Intragroup sales	78,74	0,00	0,49	0,03	−79,26	0,00
Total Sales	**1.037,00**	**5,21**	**659,80**	**292,13**	**−79,26**	**1.914,88**
(Debit)/Credit interest & similar (expenses)/income	−55,32	−0,43	−3,82	8,41	0,54	−50,62
Depreciation/Amortization	−59,83	−1,76	−31,56	−9,43	4,39	−98,19
Profit/(loss) consolidated with equity method	−0,44	0,00	0,00	−3,62	0,00	−4,06
Write-off & impairment of assets	−1,08	0,00	−1,75	0,00	0,00	−2,83
Write-off & impairment of investments	−37,76	0,00	0,00	0,00	37,76	0,00
Doubtful provisions, write-off & impairment of receivables	−12,98	0,02	−0,69	−0,61	9,41	−4,85
Reversal of doubtful provisions	37,37	0,00	0,08	0,00	−37,37	0,08
Profit/(Loss) before taxes	**1,93**	**0,37**	**16,91**	**68,98**	**−62,45**	**25,74**
Taxes	−14,47	0,19	−11,16	−20,98	0,00	−46,42
Profit/(Loss) after taxes	**−12,54**	**0,56**	**5,75**	**48,00**	**−62,45**	**−20,68**

1/1-31/12/2014

(in million €)	European Union	Other Europe	America	Other Countries	Eliminations	Total
Sales to third parties	940,15	7,33	549,47	356,21	0,00	1.853,16
Intragroup sales	59,16	0,00	1,82	0,45	−61,43	0,00
Total Sales	**999,31**	**7,33**	**551,29**	**356,66**	**−61,43**	**1.853,16**
(Debit)/Credit interest & similar (expenses)/income	−56,02	−0,34	−4,63	2,62	0,04	−58,33
Depreciation/Amortization	−53,88	−2,38	−26,88	−8,79	4,63	−87,30
Profit/(loss) consolidated with equity method	0,00	0,00	0,00	−2,28	0,00	−2,28
Write-off & impairment of assets	−0,56	−0,01	−0,98	0,00	0,00	−1,55
Write-off & impairment of investments	−11,91	−10,45	−0,44	0,00	22,80	0,00
Doubtful provisions, write-off & impairment of receivables	−13,00	−0,31	−1,39	−0,20	6,38	−8,52
Reversal of doubtful provisions	6,02	0,00	0,00	0,00	−5,68	0,34
Profit/ (Loss) before taxes	**−25,26**	**−13,83**	**19,63**	**65,71**	**−9,72**	**36,53**
Taxes	−12,5	−0,22	−7,87	−23,58	0,00	−44,17
Profit/(Loss) after taxes	**−37,76**	**−14,05**	**11,76**	**42,13**	**−9,72**	**−7,64**

Revenue per business activity:

(in thousand €)	31/12/2015	31/12/2014	Change
Licensed operations	1.579.248	1.505.042	4,93%
Management contracts	131.371	138.279	−5,00%
Technology and support services	204.266	209.843	−2,66%
Total	**1.914.885**	**1.853.164**	**3,33%**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 STAFF COSTS

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Salaries	102.015	97.107	16.240	17.621
Social security contributions	16.454	16.156	3.455	3.448
Staff retirement indemnities (Note 2.25)	2.029	1.595	1.473	1.547
Other staff costs	11.893	11.407	737	781
Total	**132.391**	**126.265**	**21.905**	**23.397**

Salaries & Social security contributions per cost center December 31, 2015

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	47.913	11.892	40.217	1.993	102.015
Social security contributions	7.747	2.183	6.021	503	16.454
Staff retir. & other costs	6.441	1.695	5.405	381	13.922
Total	**62.101**	**15.770**	**51.643**	**2.877**	**132.391**

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**

Salaries & Social security contributions per cost center December 31, 2014

Group	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	42.950	12.896	37.739	3.522	97.107
Social security contributions	6.622	2.553	6.246	735	16.156
Staff retir. & other costs	6.589	1.382	4.775	256	13.002
Total	**56.161**	**16.831**	**48.760**	**4.513**	**126.265**

Company	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Salaries	3.660	4.100	6.414	3.447	17.621
Social security contributions	805	881	1.028	734	3.448
Staff retir. & other costs	1.397	279	396	256	2.328
Total	**5.862**	**5.260**	**7.838**	**4.437**	**23.397**

The number of employees of the Group at the end of the current period amounted to 5.080 persons (4.963 subsidiaries and associates 117) and the Company's 660 persons. As at 31/12/2014 the number of employees of the Group were 5.348 persons (subsidiaries 5.269 and associates 79) and the Company's 690 persons.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 DEPRECIATION AND AMORTIZATION

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

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Depreciation of tangible fixed assets (Note 2.13)	49.677	44.157	1.124	1.449
Amortization of intangibles (Note 2.15)	48.443	43.146	9.034	7.428
Depreciation of investment property (Note 2.14)	70	0	0	0
Total	98.190	87.303	10.158	**8.877**

Depreciation and amortization per cost center 31/12/2015

	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Group	76.501	1.485	19.086	1.118	**98.190**
Company	6.096	1.218	1.726	1.118	**10.158**

Depreciation and amortization per cost center 31/12/2014

	Cost of Sales	Selling expenses	Administrative costs	R&D costs	Total
Group	66.086	1.420	18.820	977	**87.303**
Company	5.326	1.065	1.509	977	**8.877**

2.5 EXPENSES BY NATURE

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Staff Costs (Note 2.3)	132.391	126.265	21.905	23.397
Depreciation & amortization (Note 2.4)	98.190	87.303	10.158	8.877
Change in inventories	10.339	17.058	12.007	3.343
Winners Payout, game taxes and agent commissions	1.332.688	1.284.051	0	0
Consumables	12.333	11.961	0	0
Third party fees	90.439	84.981	18.420	30.862
Other expenses	174.397	158.784	13.147	9.798
Total	**1.850.777**	**1.770.403**	**75.637**	**76.277**

2.6 INCOME / (EXPENSES) FROM PARTICIPATIONS AND INVESTMENTS

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Income from dividends	1.819	864	18.376	4.861
Gain from sale of participations and securities	1.314	717	0	0
Other income from participations and securities	0	18	0	0
Total income from participations and securities	**3.133**	**1.599**	**18.376**	**4.861**
Loss from sale of participations and securities	−3.364	−1.639	0	−166
Loss from impairment / write-offs of participations and securities	0	0	−36.212	−179
Total expenses from participations and securities	**−3.364**	**−1.639**	**−36.212**	**−345**
Net result from participations and securities	**−231**	**−40**	**−17.836**	**4.516**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Gain from disposal of tangible and intangible assets	1.208	54	6	0
Loss from disposal of tangible and intangible assets	−362	−20	0	0
Loss from impairment and write-off of tangible and intangible assets	−2.832	−1.550	0	0
Net result from tangible and intangible assets	**−1.986**	**−1.516**	**6**	**0**

2.8 IMPAIRMENT, WRITE OFF AND PROVISIONS FOR DOUBTFUL DEBTS

Included in other operating expenses:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Provisions for doubtful receivables from subsidiaries	0	0	4.065	0
Provisions for doubtful receivables from debtors	4.339	3.117	0	754
Receivables write off from debtors	506	5.401	0	4.435
Receivables write off from associates	4	0	0	0
Total	**4.849**	**8.518**	**4.065**	**5.189**

2.9 INTEREST AND SIMILAR CHARGES / INTEREST AND SIMILAR INCOME

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Interest Expense	−61.672	−59.266	−23.970	−24.917
Losses on derivatives	0	−917	0	−180
Finance costs	−6.911	−10.632	−872	−4.344
Discounting	−57	−6	0	0
Total Interest and similar Charges	**−68.640**	**−70.821**	**−24.842**	**−29.441**
Interest Income	17.275	12.204	6.969	6.091
Gains on derivatives	0	190	0	180
Discounting	745	101	0	0
Total Interest and similar Income	**18.020**	**12.495**	**6.969**	**6.271**
Net Interest and similar Income / (Charges)	**−50.620**	**−58.326**	**−17.873**	**−23.170**

2.10 EXCHANGE DIFFERENCES

The Group reported in the Income Statement for the fourth quarter of 2015 earnings from «Exchange differences» amounting to €3.627 thousand (fourth quarter of 2014: profit €10.552 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 31/12/2015 as well as from valuation of trade receivables (from third parties and associates) in USD of the Company on 31/12/2015.

2.11 INCOME TAXES

GROUP	1/1-31/12/2015	1/1-31/12/2014
Current income taxes	35.967	31.415
Deferred income taxes	1.417	12.458
Tax audit differences and other taxes non-deductible	9.031	302
Total income tax expense reported in income statement	**46.415**	**44.175**

The income tax expense for the Company was calculated to 29% and 26% on the taxable profit of the periods 1/1-31/12/2015 and 1/1-31/12/2014 respectively.

COMPANY	1/1-31/12/2015	1/1-31/12/2014
Current income taxes	607	0
Deferred income taxes	1.010	8.859
Tax audit differences and other taxes non-deductible	4.437	0
Total income tax expense reported in income statement	**6.054**	**8.859**

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:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Profit before income taxes	**25.739**	**36.533**	**2.424**	**−2.148**
Income taxes based on the statutory income tax rate of the Parent 29% (2014: 26%)	7.464	9.498	703	−558
Adjustments to income taxes related to:				
Adjustments in previous periods provisions	1.929	870	0	0
Tax effect of non-deductible tax expenses	25.643	24.701	16.147	8.589
Tax effect of transferred losses, for which deferred tax asset was not recognized	17.665	23.409	−4.867	2.605
Tax effect of tax free reserves	5	59	0	0
Tax effect of non taxable profits	−3.560	−8.057	−11.062	−1.777
Tax effect of foreign subsidiaries' profits that are taxable at different tax rates	−12.916	−8.329	0	0
Other taxes non-deductible	6.875	0	4.437	0
Deferred tax effect due to tax rate change	1.324	1.722	0	0
Tax effect of losses for which deferred tax asset was recognized	−170	0	696	0
Income tax of previous years after tax audit	2.156	302	0	0
Provision for additional taxes from future tax audits	0	0	0	0
Income taxes as reported in the income statement	**46.415**	**44.175**	**6.054**	**8.859**

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net deferred tax asset at beginning of the year	**−5.705**	**6.586**	**−5.599**	**3.284**
(Debit)/Credit to the consolidated statement of comprehensive income	−1.417	−12.458	−1.010	−8.859
Opening balance restatement	0	0	0	0
Exchange difference	183	299	0	0
Non-consolidated entity due to liquidation / disposal	0	18	0	0
Deferred tax on other comprehensive income	−88	−150	−91	−24
Net deferred tax asset at end of the year	**−7.027**	**−5.705**	**−6.700**	**−5.599**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	GROUP		COMPANY	
31/12/2015	**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	**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 properties	−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
Deferred Tax (income) / expense	**1.417**	**1.010**

On 31/12/2015 the most significant Group's subsidiaries (excluding Company) had accumulated tax losses amounting to about €259,2 million and had recognized a deferred tax asset of €6,0 million (2014: €5,8 million) attributable to tax losses amounting to €21,9 million. For the remaining tax losses amounting to €237,3 million there was no deferred tax asset recognized on 31.12.2015 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 €66,0 million can be transferred up to the periods 2016-2020, amount of €59,5 million until the periods 2021-2035 and finally an amount of €133,7 million has no time limit.

Also on 31/12/2015 the Company did not have accumulated tax losses and had not recognized deferred tax asset. On 31/12/2014 the Company had accumulated tax losses amounting €12,1 million, and there was no deferred tax asset recognized attributable to these tax losses since the recognition criteria under IAS 12 as described in notes 2.1.24 and 2.1.28 were not met.

	GROUP		COMPANY	
31/12/2014	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Subsidiaries' tax losses carried forward	5.765	0	0	0
Inventories—Intercompany profit	−211	0	−335	0
Financial assets	66	−4	0	0
Long term receivables	306	0	0	0
Provisions	1.634	−1.815	1.065	−1.448
Tangible assets	−792	−950	0	−42
Intangibles assets	78	−11.238	0	−4.122
Short term receivables	116	−1.870	0	−1.257
Accrued expenses	297	1.248	0	−18
Long term liabilities	461	−389	0	0
Short term liabilities	1.231	570	0	558
Short term loans	82	−290	0	0
Total	**9.033**	**−14.738**	**730**	**−6.329**

1/1/2014-31/12/2014	**Income Statement**	
Deferred income tax	**GROUP**	**COMPANY**
Prior years' tax losses utilized	5.079	2.431
Subsidiaries' tax losses carried forward	−737	0
Accrued expenses	36	−617
Tangible assets	254	−57
Intangible assets	2.371	1.526
Financial assets	669	0
Short term receivables	4.301	4.482
Long term receivables	−73	0
Inventories—impairment	−43	0
Short term provisions	1.150	1.116
Short term liabilities	59	60
Long term liabilities	−608	−82
Liabilities from finance lease	0	0
Deferred Tax (income) / expense	**12.458**	**8.859**

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.

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net profit / (loss) attributable to shareholders of the parent company	**−65.148**	**−49.546**	**−3.630**	**−11.007**
Weighted average number of shares	158.490.975	158.961.721	158.490.975	158.961.721
Less: Weighted average number of treasury shares	0	18.299	0	18.299
Weighted average number of shares outstanding	**158.490.975**	**158.943.422**	**158.490.975**	**158.943.422**
Basic earnings / (losses) per share (EPS) (in EUR)	**€ −0,4111**	**€ −0,3117**	**€ −0,0229**	**€ −0,0693**

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 2015 the Group had no stock option plan in effect.

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Weighted average number of shares outstanding (for basic EPS)	158.490.975	158.943.422	158.490.975	158.943.422
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)	**158.490.975**	**158.943.422**	**158.490.975**	**158.943.422**
Diluted earnings / (losses) per share (EPS) (in EUR)	**€ −0,4111**	**€ −0,3117**	**€ −0,0229**	**€ −0,0693**

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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.13 TANGIBLE FIXED ASSETS

GROUP	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FUI FIX
January 1, 2015					
Cost	8.239	29.248	333.482	4.752	
Accumulated Depreciation	0	−11.709	−199.734	−3.073	−
Net Book value January 1, 2015	**8.239**	**17.539**	**133.748**	**1.679**	
COST					
Additions of the period	0	3.173	19.344	858	
Transfer of assets from (to) other categories	0	−733	685	21	
Transfer from (to) inventories and intangible assets	0	−34	−2.219	0	
Transfer to investment properties (note 2.14)	−929	−6.765	0	0	
Disposal	0	−417	−10.305	−442	
Impairment	0	−350	−4.798	−187	
Net exchange differences on foreign currency translation	64	1.221	8.368	−157	
ACCUMULATED DEPRECIATION					
Depreciation of the period	0	−1.797	−39.146	−624	
Disposal	0	371	8.579	432	
Impairment / Write-off	0	96	4.311	123	
Net exchange differences on foreign currency translation	0	−315	−5.434	89	
Transfer of assets from (to) other categories	0	−1	37	0	
Transfer from (to) inventories and intangible assets	0	4	2.389	0	
Transfer to investment properties (note 2.14)	0	1.239	0	0	
Net book value December 31, 2015	**7.374**	**13.231**	**115.559**	**1.792**	
Cost	7.374	25.343	344.557	4.845	
Accumulated Depreciation	0	−12.112	−228.998	−3.053	−
Net Book value December 31, 2015	**7.374**	**13.231**	**115.559**	**1.792**	

The Group recognized impairment losses / write-offs of tangible fixed assets amounting to €1,1 million during the perio income statement (in "Gain / (Losses) from assets disposal, impairment losses & write-off of assets"—note 2.7). T regards asset impairment losses of a subsidiary in Jamaica. The net book value of tangible assets held by leasing was Installations €5 thousand, Machinery & Equipment €13.401 thousand, Transport Equipment €88 thousand and Furni

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GROUP	LAND	BUILDINGS AND INSTALLATIONS	MACHINERY AND EQUIPMENT	TRANSPORT EQUIPMENT	FU FI
January 1, 2014					
Cost	8.789	25.044	320.714	4.670	
Accumulated Depreciation	0	−8.912	−171.295	−2.853	−
Net Book value January 1, 2014	**8.789**	**16.132**	**149.419**	**1.817**	
COST					
Additions of the period	0	2.150	14.521	461	
Transfer of assets from (to) other categories	0	217	3.987	−8	
Transfer from (to) inventories and intangible assets	0	0	20	0	
Disposal of subsidiaries / change in consolidation method	0	0	−4.425	0	
Disposal	0	−16	−688	−220	
Impairment / Write-off	−636	−427	−4.188	−273	
Net exchange differences on foreign currency translation	86	2.280	3.541	122	
ACCUMULATED DEPRECIATION					
Depreciation of the period	0	−1.760	−35.827	−539	
Disposal	0	16	438	178	
Impairment / Write-off	0	187	4.096	197	
Net exchange differences on foreign currency translation	0	−1.235	3.271	−63	
Transfer of assets from (to) other categories	0	−5	−1.535	7	
Transfer from (to) inventories and intangible assets	0	0	0	0	
Disposal of subsidiaries / change in consolidation method	0	0	1.118	0	
Net book value December 31, 2014	**8.239**	**17.539**	**133.748**	**1.679**	
Cost	8.239	29.248	333.482	4.752	
Accumulated Depreciation	0	−11.709	−199.734	−3.073	−
Net book value December 31, 2014	**8.239**	**17.539**	**133.748**	**1.679**	

The Group recognized impairment losses / write-offs of tangible fixed assets amounting to €1 million. During the period 1/1-31/12/2014 which were from assets disposal, impairment losses & write-off of assets"—note 2.7). The largest portion, amounting to €0,6 million applies to a subsidiary p

The net book value of tangible assets held by leasing was on 31/12/2014 €27.344 thousand. (Buildings & Installations €7 thousand, Machinery €98 thousand and Furniture & fixtures €6.492 thousand).

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MAC EQU
January 1, 2015			
Cost	3.030	5.612	
Accumulated Depreciation	0	− 2.791	
Net Book value January 1, 2015	**3.030**	**2.821**	
COST			
Additions of the period	0	2.350	
Transfer from (to) inventories and tangible assets	0	0	
Disposals	0	0	
Impairment / Write-off	0	0	
ACCUMULATED DEPRECIATION			
Depreciation of the period	0	− 246	
Disposals	0	0	
Impairment / Write-off	0	0	
Net Book value December 31, 2015	**3.030**	**4.925**	
Cost	3.030	7.962	
Accumulated Depreciation	0	− 3.037	
Net Book value December 31, 2015	**3.030**	**4.925**	

COMPANY	LAND	BUILDINGS AND INSTALLATIONS	MAC EQU
January 1, 2014			
Cost	3.030	4.722	
Accumulated Depreciation	0	− 2.601	
Net Book value January 1, 2014	**3.030**	**2.121**	
COST			
Additions of the period	0	890	
ACCUMULATED DEPRECIATION			
Depreciation of the period	0	− 190	
Transfer from (to) inventories and tangible assets	0	0	
Net Book value December 31, 2014	**3.030**	**2.821**	
Cost	3.030	5.612	
Accumulated Depreciation	0	− 2.791	
Net Book value December 31, 2014	**3.030**	**2.821**	

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 40 years.

During 2015, properties previously occupied by the Group and classified in the Group Statement of Financial Position as tangible assets were reclassified to investment properties due to change in use.

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

Investment properties in Jamaica were valued by independent valuers "George Gregg & Co" on December 31, 2015, on the basis of open market value using the direct comparison approach involving analysis of prices from comparable facilities. The market value of the properties is estimated at €5,8 million and is 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 fifteen years with an option to renew the lease for a further fifteen 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 sixty 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, ot the market value on the date of the option notice, as determined by an independent valuator.

GROUP	1/1-31/12/2015	1/1-31/12/2014
Rental income from investment properties	76	0
Direct operating expenses (including repairs and maintenance) arising from investment properties resulted in income from rents	−83	0
Net income from investment properties	**−7**	**0**

The Company did not hold investment properties as at 31/12/2015, apart from some buildings leased subsidiaries and therefore are classified as tangible assets.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.15 INTANGIBLE ASSETS

GROUP	GOODWILL	SOFTWARE	DEVELOPMENT COSTS (Internally generated)(1)	OTHER	LICENCES(2)	TOTAL
January 1, 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 January 1, 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
Net exchange differences on foreign currency translation	−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
Net exchange differences on foreign currency translation	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 December 31, 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 December 31, 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 31/12/2015.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GROUP	GOODWILL	SOFTWARE	DEVELOPMENT COSTS (Internally generated)[1]	OTHER	LICENCES[2]	TOTAL
January 1, 2014						
Cost[3]	79.200	98.304	72.048	20.096	302.963	572.611
Accumulated amortization	0	−54.822	−19.012	−7.605	−137.826	−219.265
Net Book value January 1, 2014	**79.200**	**43.482**	**53.036**	**12.491**	**165.137**	**353.346**
COST						
Additions of the period	0	17.953	11.680	2.227	14.283	46.143
Transfer of assets from (to) other categories	0	−7.974	0	−38	8.012	0
Transfer from (to) inventories and tangible assets	0	149	94	0	0	243
Disposal of subsidiaries/ change in consolidation method	0	−60	0	0	0	−60
Disposal	0	−780	0	−1.137	0	−1.917
Impairment / Write-off	−552	−42	0	0	−4	−598
Net exchange differences on foreign currency translation	2.059	−4.284	188	1.993	−9.390	−9.434
ACCUMULATED DEPRECIATION						
Amortization of the period	0	−9.611	−4.110	−2.469	−26.956	−43.146
Disposal	0	384	0	568	0	952
Impairment / Write-off	0	41	0	8	0	49
Net exchange differences on foreign currency translation	0	4.697	−145	−1.061	284	3.775
Transfer of assets from (to) other categories	0	2.047	0	0	−2.047	0
Transfer from (to) inventories and tangible assets	0	−420	−94	0	0	−514
Disposal of subsidiaries / change in consolidation method	0	15	0	0	0	15
Net Book value December 31, 2014	**80.707**	**45.597**	**60.649**	**12.582**	**149.319**	**348.854**
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 December 31, 2014	**80.707**	**45.597**	**60.649**	**12.582**	**149.319**	**348.854**

(1) The internally generated intangible assets of the Group include an individually material intangible asset of net book value €52.583 thousand on 31/12/2014 (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 €5,1 million on 31/12/2014.

(3) On 1/1/14 the Group reclassified funds amounting €2,6 million from the account "Goodwill" in the account "Licences" for a more appropriate presentation since they regard gambling licenses with indefinite useful lives , acquired by a subsidiary of the Group.

COMPANY	SOFTWARE	DEVELOPMENT COSTS (Internally generated)[(1)]	LICENCES	TOTAL
January 1, 2015				
Cost	46.075	69.443	24.987	140.505
Accumulated amortization	−29.413	−16.860	−16.428	−62.701
Net Book value January 1, 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 December 31, 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 December 31, 2015	**15.322**	**60.972**	**6.850**	**83.144**

COMPANY	SOFTWARE	DEVELOPMENT COSTS (Internally generated)[(1)]	LICENCES	TOTAL
January 1, 2014				
Cost	40.282	58.022	22.487	120.791
Accumulated amortization	−25.414	−14.137	−15.263	−54.814
Net Book value January 1, 2014	**14.868**	**43.885**	**7.224**	**65.977**
COST				
Additions of the period	5.793	11.421	2.500	19.714
ACCUMULATED DEPRECIATION				
Amortization of the period	−3.540	−2.723	−1.165	−7.428
Transfer from (to) inventories and tangible assets	−459	0	0	−459
Net Book value December 31, 2014	**16.662**	**52.583**	**8.559**	**77.804**
Cost	46.075	69.443	24.987	140.505
Accumulated amortization	−29.413	−16.860	−16.428	−62.701
Net Book value December 31, 2014	**16.662**	**52.583**	**8.559**	**77.804**

(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 31/12/2015 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:

	Goodwill		Intangible assets with indefinite useful life	
CGU	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
European Union	5.837	6.472	2.300	2.300
Other Europe	0	0	0	0
America	21.496	21.400	2.936	2.774
Other countries	47.105	52.835	0	0
Total	**74.438**	**80.707**	**5.236**	**5.074**

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	2015	2014
European Union	−0,9%-5,4%	0,0%-10,3%
Other Europe	n/a	n/a
America	0,0%-10,1%	0,0%-8,0%
Other countries	0,0%-8,8%	0,0%-6,3%

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	2015	2014
European Union	0,0%-2,7%	0,0%-3,0%
Other Europe	n/a	n/a
America	0,0%-6,0%	0,0%-4,0%
Other countries	0,0%-3,6%	0,0%-12,2%

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	2015	2014
European Union	7,0%-7,4%	7,0%-8,6%
Other Europe	n/a	n/a
America	23,1%-38,3%	28,8%-37,5%
Other countries	11,9%-14,0%	11,0%-13,7%

Recoverable amount sensitivity analysis:

On 31/12/15, 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. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.16 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	31/12/2015	31/12/2014
Lotrich Information Co LTD	40%	Taiwan	5.570	4.653
Goreward LTD Group	49,99%	China	29.614	25.872
Intralot South Africa LTD	45%	South Africa	376	1.835
Bit8 Ltd Group	35%	Malta	5.303	0
Other		0	248	
Total			**40.863**	**32.608**

GROUP INVESTMENT IN ASSOCIATES AND JOINT VENTURES	31/12/2015	31/12/2014
Opening Balance	**32.608**	**25.823**
Participation in net profit / (loss) of associates and joint ventures	−4.063	−2.279
Valuation share of available for sale financial assets	0	−20
New acquisitions	5.750	0
Dividends	−59	−287
Translation differences	8.224	9.371
Return of capital	−1.300	0
Transfer to investment properties (Note 2.14)	−265	0
Other	−32	0
Closing Balance	**40.863**	**32.608**

COMPANY INVESTMENT IN ASSOCIATES AND JOINT VENTURES	% Participation	Country	31/12/2015	31/12/2014
Lotrich Information Co LTD	40%	Taiwan	5.131	5.131
Intralot South Africa LTD	45%	South Africa	1.000	2.300
Total			**6.131**	**7.431**

COMPANY INVESTMENT IN SUBSIDIARIES	% Participation	Country	31/12/2015	31/12/2014
Intralot De Peru SAC	99,98%	Peru	15.759	15.759
Intralot Holdings International LTD	100%	Cyprus	8.464	8.464
Intralot Australia Pty LTD	100%	Australia	0	36.212
Betting Company S.A.	95%	Greece	139	139
Inteltek Internet AS	20%	Turkey	67.326	67.326
Bilyoner Interactif Hizmelter AS	50,01%	Turkey	10.751	10.751
Intralot Global Securities BV	100,00%	Nederland	57.028	57.028
Loteria Moldovei SA	47,90%	Moldova	656	656
Intralot Iberia Holdings SA	100%	Spain	5.638	5.638
Other			402	257
Total			**166.163**	**202.230**
Grand Total			**172.294**	**209.661**

COMPANY INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	31/12/2015	31/12/2014
Opening Balance	**209.661**	**171.520**
Increase of share capital in existing subsidiaries	105	38.203
Establishment of new subsidiaries	40	0
Provisions for impairment[(1)]	−36.212	0
Liquidation of affiliates	0	−62
Return of capital from associates	−1.300	0
Closing Balance	**172.294**	**209.661**

(1) This provision relates to investment value impairment in Intralot Australia Pty LTD after completion of the sale of lottery of the State of Victoria in Tatts Group during the second quarter of 2015.

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Opening Balance	**37.256**	**47.061**	**3.254**	**6.411**
Purchases	1.650	0	0	0
Return of Capital	−10.727	−3.150	0	−3.150
Disposals	−311	−3.471	0	0
Fair value revaluation	−1.746	−3.268	−11	−7
Foreign exchange differences	−37	84	0	0
Closing balance	**26.085**	**37.256**	**3.243**	**3.254**
Quoted securities	1.812	3.561	24	35
Unquoted securities	24.273	33.695	3.219	3.219
Total	**26.085**	**37.256**	**3.243**	**3.254**
Long-term Financial Assets	26.085	36.928	3.243	3.254
Short-term Financial Assets	0	328	0	0
Total	**26.085**	**37.256**	**3.243**	**3.254**

For the 2015 fiscal year the Group losses arising from the valuation at fair value of the above financial assets amounting to €1.746 thousand (2014: losses €3.268 thousand) are analyzed in losses amounting to €1.749 thousand (2014: losses €3.405 thousand) recorded in a separate equity reserve and in profits amounting to €3 thousand (2014: gains of €137 thousand) recognized in the income statement. Respectively for the Company, the losses amounting €11 thousand (2014: losses of €7 thousand) are analyzed in losses amounting to €11 thousand (2014: losses €7 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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Receivables	2.720	47	0	0
Receivables from related parties (note 2.31.E)	8.796	6.935	28	0
Guarantees	2.406	2.415	158	0
Minus: Provisions	−7.000	−7.000	0	0
Other receivables	63.303	58.133	14	315
Total	**70.225**	**60.530**	**200**	**315**

Reconciliation of changes in provisions for impairment of long-term receivables	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Opening Balance	**−7.000**	**−7.000**	**0**	**0**
Provisions for the period for receivables from debtors(1)	0	0	0	0
Closing Balance	**−7.000**	**−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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Trade receivables(2)	121.555	131.479	52.440	50.600
Receivables from associates and other related parties (note 2.31.E)	23.774	28.239	102.160	133.932
Other receivables(1)	17.914	26.260	6.751	7.311
Less: Provisions	−13.369	−10.331	−46.611	−79.893
Prepaid expenses and other receivables	52.858	39.426	12.352	16.859
Total	**202.732**	**215.073**	**127.092**	**128.809**

(1) In the Group on 31/12/2015 are included time deposits maturing beyond three months amounting to €402 thousand and at 31/12/2014 €69 thousand.

(2) The account «Trade receivables» of the Company and the Group include a receivable from the "Hellenic Organization of Horse Racing S.A." (ODIE) amounting to €24,9 million (31/12/2014: €23,3 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 receivables of the Company. With this agreement ODIE grants to 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 31/12/2015	GROUP 31/12/2014	COMPANY 31/12/2015	COMPANY 31/12/2014
Opening Balance	**−10.331**	**−13.190**	**−79.893**	**−91.175**
Provisions for the period for receivable from affiliates(1)	0	0	−4.065	0
Provisions for the period for receivable from debtors(2)	−4.339	−3.117	0	−754
Provisions utilized for receivables from affiliates	0	0	0	1.930
Provisions utilized for receivables from debtors	1.380	5.650	0	4.083
Reversed provisions for receivables from affiliates	0	0	37.347	5.683
Reversed provisions for receivables from debtors	0	340	0	340
Foreign exchange differences	−79	−14	0	0
Closing Balance	**−13.369**	**−10.331**	**−46.611**	**−79.893**

(1) Relating to impairment provision of receivables from subsidiaries derived either from machinery and equipment sales 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 31/12/2015	GROUP 31/12/2014	COMPANY 31/12/2015	COMPANY 31/12/2014
Trade receivables	124.275	131.526	52.440	50.600
Receivables from related parties (note 2.31.E)	32.570	35.174	102.188	133.932
Prepaid expenses and other receivables	136.481	126.234	19.275	24.485
Provisions for doubtful debts	−20.369	−17.331	−46.611	−79.893
Total	**272.957**	**275.603**	**127.292**	**129.124**
MATURITY INFORMATION				
0-3 months	47.044	45.449	12.689	21.469
3-12 months	155.688	169.624	114.403	107.340
More than 1 year	70.225	60.530	200	315
Total	**272.957**	**275.603**	**127.292**	**129.124**

2.20 INVENTORIES

	GROUP 31/12/2015	GROUP 31/12/2014	COMPANY 31/12/2015	COMPANY 31/12/2014
Merchandise—Equipment	37.847	51.761	25.817	40.838
Other	8.080	3.609	0	0
Total	**45.927**	**55.370**	**25.817**	**40.838**
Impairment	−3.336	−3.353	−1.753	−1.753
Total	**42.591**	**52.017**	**24.064**	**39.085**

For the period ended December 31, 2015 the amount transferred to profit and loss from disposal/usage of inventories is €10.339 thousand (2014: €17.058 thousand) for the Group while the respective amount for the Company is €12.007 thousand (2014: €3.343 thousand) and included in «Cost of sales».

	GROUP		COMPANY	
Reconciliation of changes in inventories provision for impairment	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Opening balance for the period	**3.353**	**1.753**	**1.753**	**1.753**
Period provisions*	0	1.600	0	0
Reversed provisions	−2	0	0	0
Foreign exchange differences	−15	0	0	0
Closing balance for the period	**3.336**	**3.353**	**1.753**	**1.753**

* Included in «Cost of sales»

There are no liens on reserve

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	
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
Cash and bank current accounts	270.240	407.720	35.859	6.294
Short term time deposits	6.369	9.205	0	1.581
Total	**276.609**	**416.925**	**35.859**	**7.875**

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 SHARE AND RESERVES

Share Capital

Total number of authorized shares	**31/12/2015**	**31/12/2014**
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 2014	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31December 2014	**158.961.721**	**47.689**
Issue of new shares	0	0
Balance 31December 2015	**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. Until 31/12/2015 the Company has purchased 470,746 own shares (0.296% of the corporate share capital) with average price €1.0402 per share and a total purchase price of €490 thousand.

	GROUP		COMPANY	
	Number of ordinary shares	€ '000	Number of ordinary shares	€ '000
Balance 1 January 2014	**0**	**0**	**0**	**0**
Purchase of treasury shares	470.746	490	470.746	490
Balance 31December 2014	**470.746**	**490**	**470.746**	**490**
Purchase of treasury shares	0	0	0	0
Balance 31December 2015	**470.746**	**490**	**470.746**	**490**

Reserves

Foreign 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 in the Group at 31/12/2015 was €-59,4 million (31/12/2014: €-57,1 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 2015 amounting to €5,4 million (31/12/2014: gain of €8,4 million), out of which loss of €2,3 million is attributable to the owners of the parent and a loss of €3,1 million to non-controlling interest. The above total net loss comes mainly from the fluctuation of the TRY, ARS, RUB, BRL, PEN and USD against the EUR.

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

- Statement of Financial Position:

	31/12/2015	31/12/2014	Change
EUR / USD	1,09	1,21	−9,9%
EUR / JMD	130,28	138,05	−5,6%
EUR / TRY	3,18	2,83	12,4%
EUR / PEN	3,70	3,60	2,8%
EUR / AZN	1,69	0,95	77,9%
EUR / ARS	14,05	10,13	38,7%
EUR / PLN	4,26	4,27	−0,2%
EUR / BRL	4,31	3,22	33,9%

- Income Statement:

	Avg. 1/1-31/12/2015	Avg. 1/1-31/12/2014	Change
EUR / USD	1,11	1,33	−16,5%
EUR / JMD	129,18	146,83	−12,0%
EUR / TRY	3,03	2,91	4,1%
EUR / PEN	3,52	3,77	−6,6%
EUR / AZN	1,13	1,04	8,6%
EUR / ARS	10,28	10,77	−4,5%
EUR / PLN	4,18	4,18	0,0%
EUR / BRL	3,70	3,12	18,6%

Other Reserves

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Statutory Reserve	30.562	26.001	15.896	15.896
Extraordinary Reserves	1.649	1.650	1.456	1.456
Tax Free and Specially Taxed Reserves	31.358	31.900	28.601	29.143
Actuarial differences reserve	−424	−553	−51	−267
Revaluation reserve	−934	809	−175	−164
Total	**62.211**	**59.807**	**45.727**	**46.064**

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, 2015 amounts to €30,6 million for the Group and €15,9 million for the Company (2014: €26,0 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 at 31 December 2015 amount to €1,7 million for the Group and €1,5 million for the Company (2014: €1,7 million. and €1,5 million. respectively).

Tax free reserves and reserves specially taxed

Tax-free and specially taxed reserves represent 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 at December 31, 2015 was €31,4 million for the Group (2014: €31,9 million.) and €28,6 million for the Company (2014: €29,1 million.).

Stock option reserve

This reserve concerns the stock option rights granted and amounts to €922 thousand at 31/12/2013 for the Group and the Company. The above reserve on 31.12.2014 was transferred to retained earnings after the end of the relevant share option program.

Own shares reserve

It concerns the profits or losses arising on the sale, re-issuance or cancellation of treasury shares and amounted on 31/12/2013 to €856 thousand for the Group and the Company. The above reserve on 31.12.2014 was transferred to retained earnings and offset against tax losses identifiable under N.4172 / 2013 Article 72.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2015 amount to €-424 thousand for the Group and €-51 thousand for the Company (2014: €-553 thousand and €-267 thousand respectively).

Revaluation Reserve

It concerns changes in the fair value of available for sale financial assets amounting on 31 December 2015 to € −934 thousand for the Group and € −175 thousand for the Company (2014: € 809 thousand and € −164 thousand respectively).

2.23 DIVIDENDS

	GROUP		COMPANY	
Declared dividends of ordinary shares:	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Final dividend of period 2012-2013	19.685	12.309	0	0
Interim dividend of 2014	0	11.228	0	0
Final dividend of 2014	27.735	0	0	0
Interim dividend of 2015	21.495	0	0	0
Dividend per Statement of changes in equity	**68.915**	**23.537**	**0**	**0**

Paid Dividends on ordinary shares: During 2015 dividends paid on ordinary shares, aggregated €67.682 thousand (31/12/2014: €23.663 thousand).

2.24 LONG TERM LOANS

			GROUP		COMPANY	
	Currency	**Interest rate**	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Facility A (€250 mil)	EUR	6,00%	244.878	243.828	0	0
Facility B (€325 mil)	EUR	9,75%	326.579	323.395	0	0
Facility C (€200 mil)	EUR	1M Euribor + 5,50%	198.624	197.840	0	0
Facility D (€25 mil)	EUR	4,80%	6.762	10.164	0	0
Intercompany Loans			0	0	282.031	243.671
Other			16.349	9.473	0	0
Total Loans			**793.192**	**784.700**	**282.031**	**243.671**
Less: Payable during the next year			−29.365	−220.868	−1.358	−71.129
Repurchase Facility A			−19.296	−4.390	0	0
Repurchase Facility B			−28.437	−1.990	0	0
Long Term Loans			**716.094**	**557.452**	**280.673**	**172.542**

- Facility A: On May 2014, Intralot Capital Luxembourg issued Senior Notes with a face value of €250 million, due May 15th 2021 guaranteed by the parent company and subsidiaries of the Group. 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 31/12/2015. Until 31/12/2014, the Group proceeded to bonds buy back with a nominal value €4,5 million. During the fourth quarter of 2015 the Group has repurchased bonds with a nominal value €15,2 million bringing the total amount of repurchases to €19,7 million and the remaining outstanding principal amount to €230,3 million.

- Facility B: On August 2013, Intralot Finance Luxembourg SA, issued Senior Notes with a face value of €325 million, due August 15th 2018, guaranteed by the parent company and subsidiaries of the Group. 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).The Group was in compliance with the covenants under Notes as at 31/12/15. Until 31/12/2014 the Group had repurchased bonds with a nominal value €2,0 million. During the twelve months of 2015, the Group proceeded to bonds buy back with a nominal value of €26,3 million bringing the total amount of repurchases amounting to €28,3 million and the remaining outstanding principal amount to €296,7 million.

- Facility C: On June 2014, Intralot Finance UK PLC signed a syndicated loan guaranteed by the parent and subsidiaries of the Group amounting €200 million. The loan will have three year duration (extendable for a further year) and the current limit is set at €200 million, of which €120 million in the form of revolving facility and €80 million as term loan. The outstanding loan balance on 31/12/15 was €200 million, and bears a floating rate (Euribor) plus a margin of 5,50%.

  Amounts under the revolving credit facility may be borrowed, repaid and re-borrowed by the Group from time to time until maturity. Voluntary prepayments and commitment reductions under the Credit Agreement are permitted at any time in whole or in part, without premium or penalty (other than break-funding costs). The financial terms of the loan, include minimum ratio requirements of total net debt to EBITDA (Leverage Ratio) and the Interest Coverage ratio. We acknowledge that the Group on 31/12/15 covers the economic clauses of the syndicated loan.

- Facility D: On July 2012, Maltco Lotteries LTD signed a long term loan amounting to €25 million, guaranteed by the parent company. 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 Company, the subsidiaries of the Group or other related parties, or agents on its or their behalf, may opportunistically 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 cost of funding of the long term loans on 31/12/2015 in EUR and USD is 7,5% and 9,3% respectively (31/12/2014: EUR 7,6% and USD 9,2%).

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

	31/12/2015	31/12/2014
From 1 to 5 years	491.751	319.673
More than 5 years	224.343	237.779
Total	**716.094**	**557.452**

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

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Loans in EUR	716.052	556.103	280.673	172.542
Loans in USD	42	1.348	0	0
Loans in PEN	0	0	0	0
Loans in JMD	0	0	0	0
Loans in ARS	0	1	0	0
Total	**716.094**	**557.452**	**280.673**	**172.542**

2.25 STAFF RETIREMENT INDEMNITIES

(a) State Insurance Programs:

The Group's contributions to the State insurance funds for the year ended 31st December 2015 that have been reported in the year expenses amount to €16.454 thousand as stated in Note 2.3.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(b) Staff Retirement Indemnities:

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

Independent actuaries calculated the Company's and the Group's liability for retirement indemnities. The movement of the net liability as presented in the balance sheet, details and the basic assumptions used in the actuarial study as at 31st December 2015 are as follows:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Present Value of unfunded liability	6.879	7.053	3.412	4.094
Unrecognized actuarial losses	0	0	0	0
Net liability on the balance sheet	**6.879**	**7.053**	**3.412**	**4.094**
Components of the net retirement cost in the year:				
Current service cost	715	583	335	322
Interest	131	152	92	135
Amortization of unrecognised service cost	0	0	0	0
Effect of cutting / settlement / termination benefits	1.183	860	1.046	860
Intragroup staff transfer	0	0	0	230
Benefit expense charged to income statement (Note 2.3)	**2.029**	**1.595**	**1.473**	**1.547**
Additional service cost	0	0	0	0
Total charge to income statement	**2.029**	**1.595**	**1.473**	**1.547**
Actuarial (gains) / losses recognized in other comprehensive income (before deferred tax)	**−39**	**4**	**−304**	**−101**
Reconciliation of benefit liabilities:				
Net liability at beginning of year	7.053	6.840	4.094	3.881
Service cost	715	583	335	322
Interest	131	152	92	135
Amortization of unrecognised service cost	0	0	0	0
Effect of cutting / settlement / termination benefits	1.183	860	1.046	860
Benefits paid	−2.058	−1.388	−1.851	−1.233
Intragroup staff transfer	0	0	0	230
New consolidated entities	0	0	0	0
Actuarial (gains) / losses	−39	4	−304	−101
Foreign exchange difference	−106	2	0	0
Present Value of the liability at end of year	**6.879**	**7.053**	**3.412**	**4.094**

Basic assumptions:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Discount rate	2,41%	2,36%	2,00%	2,25%
Percentage of annual salary increases	2,00%	1,60%	0%	0%
Increase in Consumer Price Index	2,84%	2,80%	2,00%	2,00%

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	GROUP		COMPANY	
Effect on present value of liability	**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):

	31/12/2015	
	GROUP	**COMPANY**
Change in economic assumptions	552	257
Change in demographic assumptions	−65	−61
Change due to experience and other assumptions change	−526	−500
Actuarial (gains) / losses in other comprehensive income (before deferred tax)	**−39**	**−304**

2.26 SHARED BASED BENEFITS

The Group had no active option plan during the period 1/1-31/12/2015.

2.27 OTHER LONG TERM LIABILITIES

	GROUP		COMPANY	
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
Guarantees	15.227	13.654	0	0
Amounts due to associates and other related parties (Note 2.31.E)	1.665	0	0	0
Other liabilities	2.221	497	0	0
Total	**19.113**	**14.151**	**0**	**0**

2.28 TRADE AND OTHER CURRENT LIABILITES

	GROUP		COMPANY	
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
Trade Creditors	52.706	75.825	10.339	17.900
Amounts due to related parties (Note 2.31.E)	19.938	19.152	45.248	83.871
Winnings	11.528	18.262	0	0
Other Payables(1)	29.734	32.916	5.128	6.144
Taxes	21.361	29.276	1.478	1.035
Dividends payable	13	26	7	22
Total	**135.280**	**175.457**	**62.200**	**108.972**

(1) There are included financial derivatives with total value on 31/12/2014 €254 thousand for the Group.

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

	GROUP		COMPANY	
PAYABLES	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Trade payables	52.706	75.825	10.339	17.900
Payable to related parties (note 2.31.E)	21.603	19.152	45.248	83.871
Other payables	80.084	94.631	6.613	7.201
Total	**154.393**	**189.608**	**62.200**	**108.972**
MATURITY INFORMATION				
0-3 months	70.689	76.531	15.909	5.833
3-12 months	64.591	98.926	46.291	103.139
More than 1 year	19.113	14.151	0	0
Total	**154.393**	**189.608**	**62.200**	**108.972**

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	
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
Loan in EUR(1)	13.556	213.678	1.358	71.129
Loan in USD(1)	13.386	6.567	0	0
Loan in PEN	1.087	0	0	0
Loan in PLN	1.312	0	0	0
Loan in ARS	0	3	0	0
Loan in JMD	0	558	0	0
Loan in BRL	14	0	0	0
Loan in TRY	10	62	0	0
Total	**29.365**	**220.868**	**1.358**	**71.129**
Leasing in EUR	6.038	10.126	0	0
Leasing in USD	771	1.267	0	0
Leasing in BRL	6	7	0	0
Total	**6.815**	**11.400**	**0**	**0**
Total	**36.180**	**232.268**	**1.358**	**71.129**

(1) The Group included in "Loans in USD" funding from other related parties amounting to €322 thousand (31/12/2014: €291 thousand) and the Company in "Loans in EUR" finance from subsidiaries amounting to €1.358 thousand (31/12/2014: €71.129 thousand) (Note 2.31.E).

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.30 SHORT TERM FINANCIAL ASSETS AND LIABILITIES

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

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

31/12/2014 Financial assets:	Loans and receivables	Available for sale financial assets	Financial assets held to maturity	Total
Trade receivables	131.526	0	0	**131.526**
Receivables from related parties	35.174	0	0	**35.174**
Prepaid expenses and other receivable	126.234	0	0	**126.234**
Bad debtors provisions	−17.331	0	0	**−17.331**
Other quoted financial assets	0	3.561	0	**3.561**
Other unquoted financial assets	0	33.367	328	**33.695**
Total	**275.603**	**36.928**	**328**	**312.859**
Long term	60.530	36.928	0	**97.458**
Short term	215.073	0	328	**215.401**
Total	**275.603**	**36.928**	**328**	**312.859**

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**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31/12/2014 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	75.825	0	0	**75.825**
Payables to related parties	19.152	0	0	**19.152**
Other liabilities	94.377	0	0	**94.377**
Derivatives	0	254	0	**254**
Borrowing and finance lease	798.320	0	0	**798.320**
Total	**987.674**	**254**	**0**	**987.928**
Long term	580.203	0	0	**580.203**
Short term	407.471	254	0	**407.725**
Total	**987.674**	**254**	**0**	**987.928**

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

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

31/12/2014 Financial assets:	Loans and receivables	Available for sale financial assets	Financial assets held to maturity	Total
Trade receivables	50.600	0	0	**50.600**
Receivables from related parties	133.932	0	0	**133.932**
Prepaid expenses and other receivable	24.485	0	0	**24.485**
Bad debtors provisions	−79.893	0	0	**−79.893**
Other quoted financial assets	0	35	0	**35**
Other unquoted financial assets	0	3.219	0	**3.219**
Total	**129.124**	**3.254**	**0**	**132.378**
Long term	315	3.254	0	**3.569**
Short term	128.809	0	0	**128.809**
Total	**129.124**	**3.254**	**0**	**132.378**

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**

31/12/2014 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	17.900	0	0	**17.900**
Payables to related parties	83.871	0	0	**83.871**
Other liabilities	7.201	0	0	**7.201**
Derivatives	0	0	0	**0**
Borrowing and finance lease	243.671	0	0	**243.671**
Total	**352.643**	**0**	**0**	**352.643**
Long term	172.542	0	0	**172.542**
Short term	180.101	0	0	**180.101**
Total	**352.643**	**0**	**0**	**352.643**

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 2015 and 31 December 2014:

	GROUP			
	Carrying Amount		Fair Value	
Financial Assets	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Other long-term financial assets—classified as "available for sale"	26.085	36.928	26.085	36.928
Other long-term receivables	70.225	60.530	70.225	60.530
Trade and other short-term receivables	202.732	215.073	202.732	215.073
Other short-term financial assets—classified as "Held to maturity"	0	328	0	328
Cash and cash equivalents	276.609	416.925	276.609	416.925
Total	**575.651**	**729.784**	**575.651**	**729.784**
Financial Liabilities				
Long-term loans	716.094	557.452	708.265	539.100
Other long-term liabilities	19.113	14.151	19.113	14.151
Liabilities from finance leases	1.966	8.600	1.966	8.600
Trade and other short term payables	135.280	175.457	135.280	175.457
Short-term loans	36.180	232.268	36.412	232.465
Total	**908.633**	**987.928**	**901.036**	**969.773**

	COMPANY			
	Carrying Amount		Carrying Amount	
Financial Assets	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Other long-term financial assets—classified as "available for sale"	3.243	3.254	3.243	3.254
Other long-term receivables	200	315	200	315
Trade and other short-term receivables	127.092	128.809	127.092	128.809
Cash and cash equivalents	35.859	7.875	35.859	7.875
Total	**166.394**	**140.253**	**166.394**	**140.253**
Financial Liabilities				
Long-term loans	280.673	172.542	280.673	172.542
Trade and other short term payables	62.200	108.972	62.200	108.972
Short-term loans and finance lease	1.358	71.129	1.358	71.129
Total	**344.231**	**352.643**	**344.231**	**352.643**

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 31/12/2015 the following assets and liabilities measured at fair value:

	Fair Value	Fair value hierarchy		
GROUP	**31/12/2015**	**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**

	Fair Value	Fair value hierarchy		
COMPANY	**31/12/2015**	**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 Level 2 of the fair value hierarchy, no transfers to and from Level 3.

The Group and the Company held on 31/12/2014 the following assets and liabilities measured at fair value:

GROUP	Fair Value 31/12/2014	Fair value hierarchy		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**36.928**	**3.561**	**0**	**33.367**
—Quoted shares	*3.561*	*3.561*	*0*	*0*
—Unquoted shares	*33.367*	*0*	*0*	*33.367*
Derivative financial instruments	**0**	**0**	**0**	**0**
Financial liabilities measured at fair value				
Derivative financial instruments	**254**	**0**	**254**	**0**

COMPANY	Fair Value 31/12/2014	Fair value hierarchy		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Other financial assets classified as "Available for sale"	**3.254**	**35**	**0**	**3.219**
—Quoted shares	*35*	*35*	*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 2014 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 1/1/2014	**36.513**	**6.368**
Return of capital	−3.150	−3.150
Foreign exchange differences	4	1
Balance 31/12/2014	**33.367**	**3.219**
Return of capital	−10.726	0
Period Purchases	1.650	0
Foreign exchange differences	−18	0
Balance 31/12/2015	**24.273**	**3.219**

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.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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")

		Range (Weighted Average)	
Valuation method	**Significant unobservable inputs**	**31/12/2015**	**31/12/2014**
DCF	Sales growth rate	6.0%-6.0% (6.0%)	1.0%-64.6% (28.3%)
	Growth rate beyond budgets period	0.0%-6.0% (5.7%)	1.0%-1.6% (1.6%)
	Discount rates (WACC)	7.9%-19.5% (19.0%)	7.9%-14.8% (14.6%)

Sensitivity analysis of recoverable amounts:

On 31/12/2015, 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). This analysis did not indicate a situation in which the carrying value of the Group's significant investments in unquoted shares exceeds their recoverable amount.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.	INTELTEK INTERNET AS	Istanbul, Turkey	20%	25%	45%
30.	AZERINTELTEK AS	Baku, Azerbaijan		22,95%	22,95%
2,4.	INTRALOT DE PERU SAC	Lima, Peru	99,80%	0,20%	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%
	ILOT CAPITAL UK LTD	Hertfordshire, United Kingdom	100%		100%
	ILOT INVESTMENTS UK LTD	Hertfordshire, United Kingdom	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.	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.	Rome, Italy		100%	100%
5,7.	INTRALOT GAMING MACHINES S.p.A.	Rome, Italy		100%	100%
7.	INTRALOT ITALIA S.p.A	Rome, Italy		100%	100%
13.	VENETA SERVIZI S.R.L.	Mogliano Veneto, Italy		100%	100%
5.	INTRALOT SOUTH KOREA S.A.	Seoul, S. Korea		100%	100%
5.	INTRALOT FINANCE UK PLC	London, United Kingdom		100%	100%
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%
18.	TACTUS S.R.O.	Bratislava, Slovakia		51%	51%

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	I. Full consolidation:	Domicile	% Direct Part'n	% Indirect Part'n	% Total Part'n
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.	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.	GAMING SOLUTIONS INTERNATIONAL SAC	Lima, Peru		100%	100%
2.	NAFIROL S.A.	Montevideo, Uruguay		100%	100%
2.	LEBANESE GAMES S.A.L	Lebanon		99,99%	99,99%
2.	INTRALOT HONG KONG HOLDINGS LTD	Hong Kong, China		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%
3.	GOREWARD 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	Valetta, Malta		35%	35%
33.	SWITCH IT NV	Willemstad, Curacao		35%	35%
2.	UNICLIC LTD	Nicosia, Cyprus		50%	50%
27.	DOWA LTD	Nicosia, Cyprus		30%	30%

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The entities Atropos S.A., Nafirol S.A., Gain Advance Group LTD and Ktems Holdings Co LTD are under liquidation process.

On 1/1/2015 Slovenske Loterie A.S. merged with its 100% subsidiary Tactus S.R.O.

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 31/12/2015, 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 Plc (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 Plc has been audited in 2015 for IFRS Group reporting purposes.

On 21/3/2016 the Group and Trilantic Capital Partners Europe, the controlling shareholder of Gamenet S.p.A. ("Gamenet") in Italy, announced the signing of a Memorandum of Understanding (MoU), to merge the Italian activities of the INTRALOT Group (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, a leading VLT and AWP concessionaire and retailer in Italy and a betting and online operator.

Following completion of the transaction, Intralot Group is envisaged to control 20% of the combined operations, with a network of approximately 800 betting POS, that will continue to use INTRALOT's brand name, around 8.200 VLTs, and over 50.000 AWPs. The completion of the transaction, which is expected by June 2016, is, inter alia, subject to approvals by the corporate bodies of the two companies and by competent public authorities. The above subsidiaries are presented in the geographical operating segment "European Union" (note 2.2).

On March 2016 the Group acquired 100% of the share capital of Entergaming Ltd, the Enterprise Value (EV) of which was calculated at €11.5m. Entergaming Ltd is an online sports betting operator that offers a user friendly interface, a wide range of betting opportunities and has a large player database.

III. Acquisitions:

During the third quarter of 2015 the Group acquired a 35% stake in Bit8 Ltd through its subsidiary Intralot Global Holdings BV. The price in cash paid to non-controlling interests until 31/12/2015 amounted to € 2,4 million. The total cost of the agreement amounts to € 5,7 million. The agreement provides for a call option for Intralot Global Holdings BV to raise its participation in the company up to 60% within the next two years if certain financial thresholds are met. In parallel the agreement contemplates a put option right for the current shareholders to sell the remaining part of their shares in Bit8 Ltd in case that certain agreed financial thresholds or certain specific business metrics (KPIs) are met.

With regard to the exercise price for the warrants (call options) to increase the shareholding of Intralot Global Holdings BV and the put options of the current shareholders for the remainder of Bit8 Ltd percentage, it will be determined in the future in accordance with the terms of the purchase agreement based on the financial results of Bit8 Ltd in the future. Bit8 Ltd owns 100% of the shares of Switch It NV.

IV. New Companies of the Group:

During the twelve months of 2015 the Group preceded to the establishment of subsidiaries Intralot Adriatic d.o.o, Tecno Accion Salta S.A., Intralot Services SA. , Ilot Capital UK Ltd and Ilot Investments UK Ltd.

V. Changes in ownership percentage during 2015:

During the third and fourth quarter of 2015 the Group acquired an additional 15% of ordinary shares with voting rights in the subsidiary Intralot Inc increasing its shareholding to 100%. The price in cash paid to non-controlling interests (executive of Intralot Group) amounted to € 13,5 million. Below is the impact on net assets attributable to owners of the Company for the change of its ownership in Group Intralot Inc, which do not result in loss of control:

Amounts in million €

Price in cash paid to non-controlling interest	13.528
Book value of additional participation percentage in Intralot Inc	5.292
Difference recognized in Retained earnings attributable to shareholders of the Company	**(18.820)**

During the fourth quarter of 2015 the Group participated in the share capital increase of subsidiary Intralot Interactive SA by paying the amount of € 155 thousand, increasing its shareholding from 93,02% to 95,95%. Below is the impact on equity attributable to owners of the Company for the change in ownership of Intralot Interactive SA which do not result in loss of control:

Amounts in million €

Book value of additional participation percentage in Intralot Interactive SA	−7
Difference recognized in Retained earnings attributable to shareholders of the Company	**7**

VI. Subsidiaries' Share Capital Increase:

During the fourth quarter of 2015 the Group completed the share capital increase through payment in cash in Intralot Cyprus Global Assets LTD amounting €625 thousand, in Netman SRL amounting €160 thousand and in Favorit Bookmakers Office OOO amounting €516 thousand.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Discontinued Operations in the Group:

During the fourth quarter of 2015, the Group did not cease the operation or sell any subsidiary company.

VIII. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Subsidiary Name	Country of incorporation and operation	Geographic operating segment	31/12/2015	31/12/2014
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%
Supreme Ventures LTD	Jamaica	America	75,03%	75,03%
Tecno Accion SA	Argentina	America	49,99%	49,99%

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

	31/12/2015	31/12/2014
European Union	13.625	12.701
America	25.629	24.231
Other countries	29.687	56.290

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

	1/1-31/12/2015	1/1-31/12/2014
European Union	11.600	10.644
America	11.228	8.224
Other countries	23.143	24.428

The summarised financial statements of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations as for the transactions with the other entities of the Group (but after the relevant intersegment eliminations):

Summarised statement of profit or loss for the period 1/1-31/12/2015:

	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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summarised statement of profit or loss for the period 1/1-31/12/2014:

	European Union	America	Other Countries
Sales Proceeds	149.476	350.171	289.403
Gross Profit / (Loss)	27.663	40.766	89.345
EBITDA	20.380	22.133	59.771
Profit / (Loss) before taxes	20.365	19.060	63.849
Taxes	−84	−5.780	−21.746
Net Profit / (Loss) after taxes	**20.281**	**13.280**	**42.103**
Other Comprehensive Income after tax	−26	186	3.790
Total Comprehensive Income	**20.255**	**13.466**	**45.893**
Attributable to non-controlling interests	10.633	8.709	26.558
Dividends paid to non-controlling interests	11.323	5.042	6.270

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:			
Shareholders of the parent company	24.723	9.650	26.510
Non-controlling interests	22.867	23.459	30.944

Summarised statement of financial position as at 31/12/2014:

	European Union	America	Other Countries
Non-current assets	12.452	24.980	13.962
Current assets	42.632	32.438	141.436
Non-current liabilities	−413	−353	−15.930
Current liabilities	−7.248	−20.865	−34.554
Total equity	**47.423**	**36.200**	**104.914**
Attributable to:			
Equity holders of parent	24.878	10.766	47.277
Non-controlling interests	22.545	25.434	57.637

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**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summarised cash flow information for the year ending 31/12/2014:

	European Union	America	Other Countries
Operating activities	23.383	22.790	43.132
Investing activities	9	−1.975	10.470
Financing activities	−21.245	−12.238	−11.289
Net increase / (decrease) in cash and cash equivalents	**2.147**	**8.577**	**42.313**

IX. 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 summarised financial information of the Group's investment in associates:

Proportion of equity interest held by the Group is associates:

Associate Name	Country of incorporation and operation	31/12/2015	31/12/2014
Lotrich Information Co LTD	Taiwan	40%	40%
Intralot South Africa LTD	South Africa	45%	45%
Bit8 LTD Group	Malta	35%	—
Goreward LTD Group	China	49,99%	49,99%

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 financial position as at 31/12/2014:

	Lotrich Information Co LTD	Intralot South Africa LTD	Bit8 LTD Group	Goreward LTD Group
Non-current assets	5.246	23	0	52.817
Current assets	22.163	3.932	0	19.722
Non-current liabilities	0	0	0	0
Current liabilities	−15.312	−367	0	−15.763
Total equity	**12.097**	**3.588**	**0**	**56.776**
Group's carrying amount of the investment	**4.653**	**1.835**	**0**	**25.872**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Summarised statement of profit or loss for the period 1/1-31/12/2014:

	Lotrich Information Co LTD	Intralot South Africa LTD	Bit8 LTD Group	Goreward LTD Group
Sales Proceeds	25.946	2.962	0	20.740
Gross Profit / (Loss)	1.068	1.013	0	−4.725
EBITDA	475	86	0	99
Profit / (Loss) before taxes	454	495	0	−6.076
Taxes	0	−34	0	0
Net Profit / (Loss) after taxes	**454**	**461**	**0**	**−6.076**
Other Comprehensive Income after tax	838	118	0	19.736
Total Comprehensive Income after taxes	**1.292**	**579**	**0**	**13.660**
Group's share of total comprehensive income of the period after taxes	**517**	**261**	**0**	**6.255**
Dividends received from the associate	0	287	0	0

Reconciliation of the summarised financial information presented to the carrying amount of investments:

	Lotrich Information Co LTD	Intralot South Africa LTD	Bit8 LTD Group	Goreward LTD Group
Carrying amount of Investment as of 1/1/2014:	**4.136**	**1.862**	**0**	**19.586**
Net Profit / (Loss) after taxes of the period	182	208	0	−2.665
Other Comprehensive Income after tax of the period	335	52	0	8.920
Dividends	0	−287	0	0
Foreign exchange differences	0	0	0	31
Carrying amount of Investment as of 31/12/2014:	**4.653**	**1.835**	**0**	**25.872**
Net Profit / (Loss) after taxes of the period	568	185	−447	−4.369
Other Comprehensive Income after tax of the period	349	−285	0	8.143
Dividends	0	−59	0	0
New consolidated entities	0	0	5.750	0
Return of capital	0	−1.300	0	0
Foreign exchange differences	0	0	0	−32
Carrying amount of Investment as of 31/12/2015:	**5.570**	**376**	**5.303**	**29.614**

The associates had no other contingent liabilities or capital commitments as at 31 December 2014 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 new 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 has banking facilities amounting to €29,3 million, consisting of a loan amounting to €20 million, an overdraft of €5 million, and bank guarantee letters of €4,3 million. These facilities are secured by an initial general mortgage on all the subsidiary's present and future assets (on 31/12/2015 the loan balance amounted to €6,8 million and the used guarantee letters to €4,0 million and the overdraft was fully repaid).

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

On 31 December 2015 the Group had no contractual commitments for the purchase of tangible fixed assets.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

C. PROVISIONS

GROUP	Legal issues(1)	Unaudited fiscal years and tax audit expenses(2)	Other provisions(3)	Total provisions
Period opening balance	**5.749**	**3.928**	**4.584**	**14.261**
Period additions	137	0	3.775	**3.912**
Used provisions	−333	−76	−1.220	**−1.629**
Unused provisions	0	0	−27	**−27**
Translation differences	−758	0	−484	**−1.242**
Period closing balance	**4.795**	**3.852**	**6.628**	**15.275**
Long term provisions	**4.795**	**70**	**1.773**	**6.638**
Short term provisions	**0**	**3.782**	**4.855**	**8.637**
Total	**4.795**	**3.852**	**6.628**	**15.275**

(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 1-2 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 €3.407 thousand as well as provisions for future payments under "onerous contracts" as provided by IAS 37 amounting to € 2.151 thousand. The Other provisions are expected to be used in the next 1-8 years.

COMPANY	Legal issues(1)	Unaudited fiscal years and tax audit expenses(2)	Other provisions	Total provisions
Period opening balance	**5.423**	**3.269**	**91**	**8.783**
Translation differences	−758	0	0	**−758**
Period closing balance	**4.665**	**3.269**	**91**	**8.025**
Long term provisions	**4.665**	**0**	**0**	**4.665**
Short term provisions	**0**	**3.269**	**91**	**3.360**
Total	**4.665**	**3.269**	**91**	**8.025**

(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 1-2 years.

D. PERSONNEL EMPLOYED

The number of employees of the Group on 31/12/2015 amounted to 5.080 persons (4.963 Company/subsidiaries and associates 117) and the Company's 660 persons. At the end of 2014 the number of employees of the Group amounted to 5.348 persons (5.269 Company/subsidiaries and associates 79) and the Company 690 persons.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 fourth quarter of 2015 and the balances on 31/12/2015 of other related parties:

	GROUP		COMPANY	
Amounts reported in thousand of €	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
a) Income				
—from subsidiaries	0	0	49.674	29.316
—from associates—joint ventures	2.931	2.424	2.954	2.711
—from other related parties	13.343	5.335	9.514	5.118
b) Expenses				
—to subsidiaries	0	0	29.516	32.907
—to associates—joint ventures	420	−343	−118	−349
—to other related parties	7.659	16.650	5.144	12.398
c) Receivables (A)				
—from subsidiaries	0	0	82.868	108.412
—from associates—joint ventures	15.709	19.158	8.839	14.995
—from other related parties	16.150	15.368	10.481	10.525
d) Payables (B)				
—to subsidiaries	0	0	311.300	311.085
—to associates—joint ventures	647	−3	108	−9
—to other related parties	20.771	18.844	15.625	16.194
e) BoD and Key Management Personnel transactions and fees	11.938	11.905	6.068	7.088
f) BoD and Key Management Personnel receivables	711	648	0	0
g) BoD and Key Management Personnel payables	507	602	246	272
(A) The respective amounts analysed as follows:				
Total due from related parties	32.570	35.174	102.188	133.932
(less) long term portion (Note 2.18)	8.796	6.935	28	0
Short term from related parties (Note 2.19)	23.774	28.239	102.160	133.932
(B) The respective amounts analysed as follows:				
Total due to related parties	21.925	19.443	327.279	327.542
(less) long term loans	0	0	280.673	172.542
(less) long term liabilities (Note 2.27)	1.665	0	0	0
Short term to related parties (Note 2.28 & 2.29)	20.260	19.443	46.606	155.000

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 requirements.

In the fourth quarter of 2015, the Company held a reversal of provisions concerning a reduction estimate in the recoverable amount of receivables from subsidiaries of €37,3 million due to realized and expected receipts related to these subsidiaries (fourth quarter of 2014: €5,7 mil.) that was recognized in Income Statement of the period. Meanwhile, in the fourth quarter of 2015, the Company made provisions concerning a reduction estimate in the recoverable amount of receivables from subsidiaries of €4,1 million (fourth quarter of 2014: €0 million), which were recognized in the income statement of the period. Accumulated relevant provisions on 31/12/2015 amounted to €41,9 million (31/12/2014: €75,2 million).

In the fourth quarter of 2015, the Group made write-offs of receivables from associates amounting to €4 thousand that have been included in the income statement for the period.

During the third and fourth quarter of 2015 the Group acquired an additional 15% of ordinary shares with voting rights in the subsidiary Intralot Inc increasing its shareholding to 100%. The price in cash paid to non-controlling interests (executive of Intralot Inc) amounted to € 13,5 million.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. No hearing date before the plenary session of the Supreme Court has been set.

c. INTRALOT filed before Multi-member Court of First Instance of Athens its civil lawsuit dated 12th May 2005 against Mr. K. Thomaidis, claiming the payment of sum of €300.000 as pecuniary compensation for moral damage. The case was scheduled for hearing on 26th January 2006. On 18th January 2006 the company was served with a lawsuit filed by Mr. K. Thomaidis on 9th January 2006, before the Multi-member Court of First Instance of Athens with which the plaintiff claims the payment of sum of €300.000 as pecuniary compensation for moral damage. The case was scheduled for hearing on 14th December 2006. The suit of INTRALOT against Mr. K. Thomaidis was postponed to be heard on 14th December 2006. The two lawsuits have been heard together and the decision no 7936/2007 was issued declaring the lawsuit dated 9th January 2006 of Mr. K. Thomaidis as cancelled and accepting partially INTRALOT's lawsuit dated 12th May 2005. Until now, no appeal against this decision has been served to the company.

d. Against (a) publishing company "I. Sideris—Andreas Sideris Sons O.E.", (b) the Foundation of Economic and Industrial Researches (IOBE), (c) Mr. Theodosios Palaskas, Director of Research of IOBE, (d) the Kokkalis Foundation, and (e) INTRALOT, a lawsuit of Mr. Charalambos Kolymbalis, was filed on 8th March 2007 before the Multi-member Athens 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.

e. 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. The estimate of the legal advisors of the Company is that the lawsuit has no serious chance of success.

f. 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.

g. 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 (€1.597.817) 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 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.

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 (€6,9m). The application for annulment of the arbitration award filed by INTRALOT before the High Administrative Court was rejected. The Company filed a lawsuit before the Constitutional Court which was rejected. The Company has created relative provision in its financial statements part of which (€2,2m) 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. Notwithstanding the appeal, the case has been set to be heard again, following postponements, on 15 April 2016.

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 (€1.224.994) and to the subsidiary LOTROM to 512.469 ROL (€113.278). 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 scheduled to be heard on 19 April 2016. Finally, regarding the applications for the annulment of the decision of the Competition Board, the application of INTRALOT is scheduled to be heard, following postponements, on 06 April 2016, while the respective application of LOTROM which has been heard, following postponements, on 16 December 2015, was accepted by the court and the fine imposed to LOTROM was cancelled. No appeal against this decision has been served to LOTROM.

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 to be scheduled and a second case whereby the court suspended the procedure. "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 requested the cancellation and suspension of its execution, and the hearing date had been scheduled on 29th April 2015 before the competent Administrative Court of First Instance. 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 was terminated by the latter 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 issue of the decision is expected. 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 company is examining the possibility to file legal means against this decision.

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 is 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 ⅔ 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 the subsidiary Intralot Italia SpA, 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 the Company's subsidiary, Intralot Gaming Machines S.p.A., 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 has been scheduled to be heard on 25 May 2016. The Legal Department of the Company considers that, following the hearing of the case, the above-mentioned lawsuit would not be successful.

u. In U.S.A., "Georgia Atlanta Amusement" which is a master license holder to operate videolottery games in the state of Georgia U.S.A., filed a lawsuit against the subsidiary Intralot, Inc. and demands approx. 400.000 US dollars claiming malfunction of the monitoring system of the videolottery in the state of Georgia, U.S.A. The malfunction was due to equipment of third party provider. The case is at the stage of mediation. Intralot, Inc. will examine the possibility to turn against the third party provider for the payment of any possible compensation.

Until 30/03/2016, 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

COMPANY	YEARS	COMPANY	YEARS
INTRALOT S.A.	2012-2013 & 2015	INTRALOT OOO	2013-2015
BETTING COMPANY S.A.	2007-2010 & 2015	POLDIN LTD	2011-2015
BETTING CYPRUS LTD	2007-2015	INTRALOT ASIA PACIFIC LTD	—
INTRALOT DE PERU SAC	2013-2015	INTRALOT AUSTRALIA PTY LTD	2011-2015
INTRALOT INC.	2010-2011 & 2013-2015	INTRALOT SOUTH AFRICA LTD	2014-2015
INTRALOT BETTING OPERATIONS (CYPRUS) LTD	2004-2015	INTRALOT ITALIA S.p.A.	2011-2015
ROYAL HIGHGATE LTD	2008-2015	INTRALOT FINANCE UK PLC	2014-2015
POLLOT Sp.Zoo	2011-2015	INTRALOT IBERIA HOLDINGS S.A.	2011-2015
MALTCO LOTTERIES LTD	2004-2015	TECNO ACCION S.A.	2011-2015
INTRALOT HOLDINGS INTERNATIONAL LTD	2012-2015	GAMING SOLUTIONS INTERNATIONAL SAC	2011-2015
LOTROM S.A.	2010-2015	GAMING SOLUTIONS INTERNATIONAL LTDA	2010-2015
BILOT EOOD	2010-2015	INTRALOT BEIJING Co LTD	2007-2015
EUROFOOTBALL LTD	2010-2015	NAFIROL S.A.	—
EUROFOOTBALL PRINT LTD	2010-2015	INTRALOT ARGENTINA S.A.	2011-2015
INTRALOT INTERNATIONAL LTD	2010-2015	LEBANESE GAMES S.A.L	—
INTRALOT OPERATIONS LTD	2010-2015	VENETA SERVIZI S.R.L.	2011-2015
INTRALOT BUSINESS DEVELOPMENT LTD	2010-2015	INTRALOT SOUTH KOREA S.A.	2007-2015
INTRALOT TECHNOLOGIES LTD	2010-2015	SERVICIOS TRANSDATA S.A.	2009-2013
INTELTEK INTERNET AS	2011-2015	SLOVENSKE LOTERIE AS	2011-2015
LOTERIA MOLDOVEI S.A.	2014-2015	TORSYS S.R.O.	2011-2015
TOTOLOTEK S.A.	2011-2015	INTRALOT DO BRAZIL LTDA	2011-2015
WHITE EAGLE INVESTMENTS LTD	2014-2015	OLTP	2011-2015
BETA RIAL Sp.Zoo	2011-2015	BILYONER INTERAKTIF HIZMELTER AS	2012-2015
UNICLIC LTD	2004-2015	LOTRICH INFORMATION Co. LTD	2014-2015
DOWA LTD	2004-2015	INTRALOT INTERACTIVE S.A.	2010 & 2015
INTRALOT NEW ZEALAND LTD	2011-2015	INTRALOT HOLDING & SERVICES S.p.A.	2011-2015
INTRALOT ST.LUCIA LTD	2008-2015	NIKANTRO HOLDINGS CO LTD	2010-2015
INTRALOT DOMINICANA S.A.	2009-2015	INTRALOT SERVICES S.A.	2015
INTRALOT GUATEMALA S.A.	2009-2015	ATROPOS S.A.	2009-2015
LOTTERIA Y APUESTAS DE GUATEMALA S.A.	2009-2015	NETMAN SRL	2011-2015
INTRALOT LATIN AMERICA INC	2008-2015	AZERINTELTEK AS	2014-2015
INTRALOT JAMAICA LTD	2010-2015	INTRALOT TURKEY AS	2011-2015
INTRALOT NEDERLAND BV	2010-2015	INTRALOT MAROC S.A.	2012-2015
INTRALOT CARIBBEAN VENTURES LTD	2010-2015	INTRALOT MINAS GERAIS LTDA	2010-2012
INTRALOT SURINAME LTD	2008-2015	FAVORIT BOOKMAKERS OFFICE OOO	2013-2015
SUPREME VENTURES LTD	2008-2015	INTRALOT DE MEXICO LTD	2006-2015
DC09 LLC	2011-2015	INTRALOT DISTRIBUTION OOO	2013-2015
INTRALOT DE COLOMBIA (BRANCH)	2010-2015	INTRALOT GAMING SERVICES PTY	2011-2015
INTRALOT HONG-KONG HOLDINGS LIMITED	2015	KTEMS HOLDINGS CO LTD	2005-2015
INTRALOT SLOVAKIA SPOL. S.R.O.	2014-2015	INTRALOT BETTING OPERATIONS RUSSIA LTD	2011-2015
INTRALOT GERMANY GMBH	2012-2015	INTRALOT LOTTERIES LTD	2011-2015
GAIN ADVANCE GROUP LTD	—	PRECIOUS SUCCESS LTD GROUP	2013-2015
INTRALOT GAMING MACHINES S.p.A.	2012-2015	INTRALOT GLOBAL SECURITIES B.V.	2013-2015
CARIBBEAN VLT SERVICES LTD	2012-2015	INTRALOT LEASING NEDERLAND B.V.	2013-2015
INTRALOT INVESTMENTS LTD	2012-2015	INTRALOT CYPRUS GLOBAL ASSETS LTD	2012-2015
INTRALOT GLOBAL HOLDINGS B.V.	2013-2015	OASIS RICH INTERNATIONAL LTD	2015
INTRALOT FINANCE LUXEMBOURG S.A.	2013-2015	WUSHENG COMPUTER TECHNOLOGY (SHANGHAI) CO LTD	2015
GOREWARD LTD	2015	INTRALOT CAPITAL LUXEMBOURG S.A.	2014-2015
INTRALOT IRELAND LTD	2014-2015	TECNO ACCION SALTA S.A.	—
INTRALOT ADRIATIC DOO	—	ILOT INVESTMENTS UK LTD	2015
ILOT CAPITAL UK LTD	2015	SWITCH IT NV	—
BIT8 LTD	2015		

In Royal Highgate LTD the tax audit has been completed for the years 2004 and 2005 imposing a tax liability amounting to €59K and the tax authorities concurred that the years 2006 and 2007 to be considered audited for tax purposes, so they will not conduct further audit and any adjustments apart from restriction of tax losses. Meanwhile, the tax audit is in progress for the period 2008-2012. In Intralot Holdings International Ltd the tax inspection has been completed for the tax years 2004 to 2011 imposing additional taxes and charges amounting to €66.5K. Also the tax audit has been completed, in Intralot de Peru SAC for the year 2012 imposing tax amounting to €55K, for the year 2012 in Intralot INC imposing a penalty amounting €388K and for the period 2005-2013 in Intralot South Africa LTD. Concurrently, there is a tax audit in progress for the periods 2010-2012 in Intralot Jamaica LTD regarding the income tax, for the year 2013 in Intralot de Peru SAC, the period 2010-2011 in Eurofootball LTD , for the year 2013 in Bilyoner Interaktif Hiizmelter AS as for the period 2014 & 2015 in INTRALOT South Africa LTD. To the last, INTRALOT New Zealand was notified that it has been selected for tax audit for the period 2011-2015. In Servicios Transdata S.A the tax audit for the income tax has been completed during the year 2014 as for the year 2008 and for VAT as for the period 1/1/2008-30/6/2009 imposing additional taxes and fines amounting to €3,4 million. The company has started an objection according to the relevant law for the cancellation of imposed taxes and fines. The company's legal consultants believe that the most possible outcome of the case will be positive. In 2011 the Romanian tax authorities imposed taxes of €1,1 million on Lotrom S.A. due to a different estimation of the tax base recognition of some transnational transactions, which were offset during 2011-2012 with tax receivables after a relevant audit, as well as penalties of €1 million that have already been paid during 2012, as a prerequisite for a relative appeal of the company and have been reflected as claims by 31/12/2014 as the company's legal consultants fully disagree and have already started an objection according to the relevant law for the cancellation of taxes imposed and the payback of the fines. Until 31/12/2014 the Court of Appeal quashed the decisions of the tax authorities, who appealed to the Supreme Court. In 2015 the Supreme Court quashed irrevocably the appeals of Lotrom S.A. with an effect to incur the Group results for the first quarter of 2015 by €1,8 million including surcharges and fines. Moreover, the tax inspection for INTRALOT SA in 2011 has been completed imposing taxes on accounting differences plus surcharges amounting to €3,9 million. The Company filed administrative appeals against the relevant control sheets with an effect the decrease of taxes to the amount €3,34 million. The Company testified new appeals to the Administrative Greek 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 the taxes. Moreover, the tax audit has been completed in the fiscal year 2014 for the companies INTRALOT S.A., INTRALOT Interactive SA and Betting Company SA and they were issued a tax certificate (tax report compliance based on the provisions of Law 4174/2013 article 65a (1) as modified by Law 4262/2014) by independent tax auditors while there is in progress the tax audit regarding the issue of tax certificate for the year 2015 of the aforementioned Societe Anonyme Companies as well as INTRALOT Services S.A. Also INTRALOT SA was notified by the relevant Tax Authorities regarding a tax audit for the year 2012.

C. COMMITMENTS

(i) Operating lease payment commitments:

On the 31rst of December 2015 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 December 31, 2015.

Future minimum lease payments of non-cancelable lease contracts as at December 31, 2015 are as follows:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Within 1 year	9.192	9.105	939	1.068
Between 2 and 5 years	15.826	19.599	1.862	1.588
Over 5 years	2.902	1.280	1.180	891
Total	**27.920**	**29.984**	**3.981**	**3.547**

(ii) Guarantees:

The Company and the Group on December 31, 2015 had the following contingent liabilities from guarantees for:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Bid	919	3.053	919	53
Performance	238.918	270.245	73.397	99.751
Financing	50.253	75.694	42.181	65.473
Other guarantees	0	30.000	0	0
Total	**290.090**	**378.992**	**116.497**	**165.277**

(iii) Financial lease payment commitments:

GROUP	Minimum of the lease payments 31/12/2015	Present value of the minimum lease payments 31/12/2015	Minimum of the lease payments 31/12/2014	Present value of the minimum lease payments 31/12/2014
Within one year	7.124	6.815	12.419	11.400
After one year but not more than five years	2.059	1.966	8.990	8.600
After more than five years	0	0	0	0
Minus: Interest	−402	0	−1.409	0
Total	**8.781**	**8.781**	**20.000**	**20.000**

The Company has no obligations under finance leases.

	GROUP	
	31/12/2015	31/12/2014
Long-term leases		
Leases in EUR	1.136	7.156
Leases in USD	830	1.435
Leases in BRL	0	9
Total	**1.966**	**8.600**
Short-term leases		
Leases in EUR	6.038	10.126
Leases in USD	771	1.267
Leases in BRL	6	7
Total	**6.815**	**11.400**
Total	**8.781**	**20.000**

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.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 Financial Liabilities:	31/12/2015 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**

GROUP Financial Liabilities:	31/12/2014 0-1 years	1-5 years	> 5 years	Total
Creditors (note 2.28)	75.825	0	0	**75.825**
Payables to related parties (note 2.27 & 2.28)	19.152	0	0	**19.152**
Other payables (note 2.27 & 2.28)	80.226	14.151	0	**94.377**
Derivative financial instruments (note 2.27 & 2.28)	254	0	0	**254**
Loans and finance leases (note 2.24 & 2.29)	232.268	328.273	237.779	**798.320**
Total	**407.725**	**342.424**	**237.779**	**987.928**

COMPANY Financial Liabilities:	31/12/2015 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**

COMPANY Financial Liabilities:	31/12/2014 0-1 years	1-5 years	> 5 years	Total
Creditors (note 2.28)	17.900	0	0	**17.900**
Payables to related parties (note 2.27 & 2.28)	83.871	0	0	**83.871**
Other payables (note 2.27 & 2.28)	7.201	0	0	**7.201**
Loans and finance leases (note 2.24 & 2.29)	71.129	172.542	0	**243.671**
Total	**180.101**	**172.542**	**0**	**352.643**

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 1/1-31/12/2015 (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

Sensitivity Analysis in Currency movements amounts of the period 1/1-31/12/2014 (in thousand €)

Foreign Currency	Currency Movement	Effect in Earnings before taxes	Effect in Equity
USD:	5%	−40	2.503
	−5%	36	−2.265
TRY:	5%	2.393	3.445
	−5%	−2.165	−3.117
PEN:	5%	205	43
	−5%	−186	−38
BRL:	5%	−194	−517
	−5%	176	468
JMD:	5%	455	1.179
	−5%	−411	−1.067
ARS:	5%	567	0
	−5%	−513	0
RON:	5%	363	936
	−5%	−328	−847

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, 2015, taking into account the impact of financial hedging products, approximately 71% of the Group's borrowings are at a fixed rate (2014: 73%). 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 2015	Change in interest rate	Effect on profit before tax
Euribor 1M	+/- 1%	2.000

Year 2014	Change in interest rate	Effect on profit before tax
Euribor 1M	+/- 1%	2.000

DERIVATIVES

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

Interest Rate and foreign exchange Hedge:

Positions: Cross Currency Swap
Inception of contract: 11/11/2014
Expiration: 11/02/2015
Amount: USD 6,5 million

Positions: Flexible Currency Forward
Inception of contract: 26/6/2015
Expiration: 27/10/2015
Amount: USD 15 million

The Group from the fair value revaluation of the above mentioned derivatives and the settlement of derivative instruments, recognized a gain of €0,5 million in income statement of the fiscal year 2015.

As for the fiscal year 2014, the Group from the fair value revaluation of derivatives on 31/12/2014 and the settlement of derivative instruments that had in its possession from 2013, recognized a gain of €0,4 million (including deferred tax) in equity and a loss of €0,65 million in income statement.

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.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Long term loans (note 2.24)	716.094	557.452	280.673	172.542
Long term finance lease liabilities	1.966	8.600	0	0
Short term loans (note 2.29)	29.365	220.868	1.358	71.129
Short term finance lease liabilities	6.815	11.400	0	0
Total Debt	**754.240**	**798.320**	**282.031**	**243.671**
Minus: Cash and cash equivalents	−276.609	−416.925	−35.859	−7.875
Net Debt	**477.631**	**381.395**	**246.172**	**235.796**
EBITDA	**177.202**	**175.445**	**45.729**	**20.074**
Leverage ratio	**2,70**	**2,17**	**5,38**	**11,75**

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

In January 2016, INTRALOT Group has signed a contract with the State Lottery organization of Chile 'Polla Chilena de Beneficencia' for the management of its games including the provision of integrated, best-of-breed technological solutions and services, as well as operational support services. Polla Chilena operates national numerical, instant lottery, and sports betting games in Chile. INTRALOT won the ten-year contract, with the option to extend for an additional period of two years, follows a competitive procurement process. Under the terms of the contract INTRALOT will install its flagship LOTOS™ O/S Gaming System, as well as 2,700 Photon terminals, incorporating INTRALOT's innovative Icon Digital Imaging technology, plus 800 Genion multi-functional terminals, in Polla Chilena Points of Sale countrywide. INTRALOT will support Polla Chilena in its endeavour to improve customer experience by redesigning Polla Chilena's gaming portal using INTRALOT iGaming Console (iGC), a management and content delivery platform, and by offering its modern native mobile applications, for lottery and sports betting, to the Chilean players. iGC is fully integrated with the Interactive Gaming Platform (iGP), our dynamic player account and relationship management platform that includes, among others, advanced marketing tools through interactive channels. Moreover, INTRALOT will provide its Horizon Platform for the delivery of multimedia content on screens installed in Polla Chilena stores. As far as Fixed Odds Betting is concerned, INTRALOT will improve the Xperto FOB game through its iFlex platform, coupled with world class trading and sports betting management services. INTRALOT will also renovate Polla Chilena's e-Instant games portfolio and look-and-feel with its Remote Gaming System (RGS).

In March 2016, INTRALOT Group and Trilantic Capital Partners Europe, the controlling shareholder of Gamenet S.p.A. ("Gamenet"), announced they signed a Memorandum of Understanding (MoU), to merge the Italian activities of the INTRALOT Group into those of Gamenet, a leading VLT and AWP concessionaire and retailer in Italy and a betting and online operator. Following completion of the transaction, INTRALOT Group is envisaged to control 20% of the combined operations. With a network of approximately 800 betting POS, that will continue to use INTRALOT's brand name, ca. 8.200 VLTs, over 50.000 AWPs. Completion of the transaction, which is expected by June 2016, is, inter alia, subject to approvals by the corporate bodies of INTRALOT and Gamenet and by competent public authorities.

In March 2016, INTRALOT Group announced that its subsidiary, INTRALOT do Brasil, has signed a six-year renewal contract to continue to operate the lottery games in the State of Minas Gerais in Brazil. The renewal contract follows an initial successful six-year operation contract signed between the two parties that has become a major funding source for social policy, education and health care initiatives in the district. INTRALOT deployed more than 2,500 of its proprietary terminals in this period and established 1,700 Points of Sales statewide. Currently, INTRALOT offers five games (Keno, Multiplix, Minas 5, Lotomias and Totolot). In the new contract period it is expected to expand even further its gaming portfolio adding Virtual Games initially in 400 points of sales, as well as alternative channels. INTRALOT will continue to have the complete operation of the project, including all related services.

Maroussi, March 30th, 2016

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. INFORMATION ACCORDING TO ARTICLE 10 L.3401/2005

The following notifications sent to the Daily Official List of ASE, and are posted to the ASE's website (www.helex.gr) and also to our company's website (www.intralot.com):

19/01/2015	Announcement of change happen in Senior Management
04/02/2015	INTRALOT CONSOLIDATES ONLINE POSITION THROUGH STRATEGIC ALLIANCE WITH BIT8
12/02/2015	INTRALOT SUBSIDIARY IN POLAND ACHIEVES EL RESPONSIBLE GAMING CERTIFICATION
16/03/2015	INTRALOT AWARDED FOR ITS INTERNATIONAL EXPANSION
23/03/2015	Conference Call Invitation (FY 2014 Financial Results)
26/03/2015	Press Release: INTRALOT EXPANDS ITS WLA SCS & ISO 27001 CERTIFICATION IN THE USA & AUSTRALIA
30/03/2015	Financial Calendar
31/03/2015	Press Release: INTRALOT announces 2014 Full Year Results
24/04/2015	Amendment of the Financial Calendar 2015
28/04/2015	INVITATION TO THE ORDINARY GENERAL MEETING
29/04/2015	INTRALOT: CERTIFIED FOR ITS CUSTOMER TRAINING SERVICES
14/05/2015	Press Release: INTRALOT ADVANCES YOUTH ENTREPRENEURSHIP & INNOVATION
19/05/2015	Announcement of Shareholders' Annual General Meeting : PROPOSAL FOR THE CREATION OF A NATIONAL LOTTERY IN GREECE
19/05/2015	Shareholders' Annual General Meeting: Press Release
20/05/2015	ANNOUNCEMENT OF VOTING RESULTS
20/05/2015	Announcement of amendment of the share buyback program
20/05/2015	Announcement of ratification in General Assembly of Mr. A.Kerastari as a new member of the BoD
25/05/2015	Conference Call Invitation: First Quarter 2015 Financial Results
28/05/2015	Press Release: First Quarter 2015 Financial Results
29/05/2015	Invitation to the Extraordinary General Meeting
29/05/2015	Draft of amendments of the articles of association
19/06/2015	Announcement of voting results (Extraordinary General Meeting)
13/07/2015	Announcement
28/07/2015	Announcement of Ms. Alina Papageorgiou new Head of Group Human Resources
30/07/2015	Press Release: INTRALOT ACQUIRES 35% OF BIT8 SEALING STRATEGIC ALLIANCE AGREEMENT
31/07/2015	Reply to a letter of Hellenic Capital Market Commission
12/08/2015	Conference Call Invitation: First Half 2015 Financial Results
14/08/2015	Press Release: First Half 2015 Financial Results
09/09/2015	PRESS RELEASE: INTRALOT EXPANDS ITS WLA SCS & ISO 27001 CERTIFICATION IN THE USA, ITALY, PERU & MOROCCO
18/09/2015	Release of regulated information (Law 3556/2007)
09/10/2015	Release of regulated information (Law 3556/2007)
20/10/2015	INTRALOT SELECTED AGAIN AS THE GAMING VENDOR FOR THE NEW MEXICO STATE LOTTERY
22/10/2015	Press Release: INTRALOT AWARDED WITH WLA RESPONSIBLE GAMING CERTIFICATION FOR ITS LOTTERY OPERATIONS
26/10/2015	Press Release: INTRALOT EXPANDS ITS PRESENSE IN AFRICA WITH NEW PROJECT IN NIGERIA
16/11/2015	Press Release: INTRALOT & BIT 8 Strategic Alliance
23/11/2015	Announcement 11874/2015
23/11/2015	Conference Call Invitation: Nine Months 2015 Financial Results
26/11/2015	Announcement of regulated information in accordance with L.3556/2007
27/11/2015	Press Release: 9M2015 Financial Results
30/11/2015	Press Release: INTRALOT RECOGNIZED FOR EXCELLENCE RECEIVES 5STAR EFQM AWARD
07/12/2015	Press Release: INTRALOT SUCCESSFULLY ROLLS OUT THE AWARDED PRECOMMITMENT SYSTEM IN AUSTRALIA
22/12/2015	INTRALOT FOSTERS ITS PRESENCE IN AFRICA ENTERING THE KENYAN GAMING MARKET

Intralot Capital Luxembourg S.A.
Société anonyme

Annual accounts
and Report of the Réviseur d'Entreprises Agréé
Financial year from 1st January 2016 to 31st December 2016 (in EUR)

Registered office:
46A, Avenue J. F. Kennedy
L-1855 Luxembourg
R.C.S. Luxembourg: B 186753

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Intralot Capital Luxembourg S.A.
Société Anonyme
R.C.S. Luxembourg: B 186753
(the "**Company**")

Board of Directors' Report

The directors present their annual report and the annual accounts of Intralot Capital Luxembourg S.A. (the "Company") for the financial year ended December 31, 2016.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The corporate object of the Company is:

(i) The acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies;

(ii) The acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto;

(iii) The ownership, administration, development and management of a portfolio of assets (including, among other things, the assets to in (i) and (ii) above).

The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

The Company may also give guaranties and grant security in favour of third parties to secure its obligations or the obligation of its subsidiaries, affiliated companies or any other company. The Company may further pledge, transfer, encumber or otherwise create security over some or all its assets.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

In general the Company may take any controlling and supervisory measures and carry out any operation or transaction which is considers necessary or useful in the accomplishment and development of its corporate objects.

The Company is formed for an unlimited duration.

On 23 September 2016, the Company issued EUR 250,000,000 6.750% senior notes due 2021 (the "Senior Notes"), which were offered to "qualified institutional buyers" as defined in Rule 144A under the US Securities Act of 1933, as amended (the "Securities Act") within the United States, and outside the United States in "offshore transactions" in accordance with US Regulation S under the Securities Act. The Senior Notes were admitted for listing on the Luxembourg Stock Exchange and for trading on the Euro MTF Market of the Luxembourg Stock Exchange. Interest will be paid on the Senior Notes, semi-annually in arrears on March 15 and September 15 of each year, commencing 15 March 2017. The Senior Notes will mature on 15 September 2021.

On 23 September 2016, the Company entered into a revolving loan facility agreement as a lender with Intralot Finance UK Limited. The amount of the facility is EUR 242,061,160 (the "Facility") and will be used for general corporate purposes. For the period from 23 September 2016, the rate of interest is 7.69% per annum and the interest will be paid semi-annually in arrears on 15 March and 15 September of each year, commencing 15 March 2017. The final maturity date is 15 September 2021.

On 15 December 2016, the Board Board approved the entry of the Company as a Guarantor into a syndicated facility agreement with, among others, Intralot Finance UK Limited as principal borrower, Intralot S.A. as parent, Société Générale as agent and certain financial institutions as original lenders. The amount of the facility is EUR 225,000,000.

During the year ended December 31, 2016, the Company has not purchased any of its own shares.

The Company was not involved or participating in any kind of research or development activities in the financial year ended 31 December 2016.

As at December 31, 2016, the Company had no branches.

As at December 31, 2016, the Company did not distribute free shares.

Credit Risk
The risk of loss of principal or loss of a financial reward arising from a borrower's failure to repay a loan or otherwise meet a contractual obligation is perceived as a Credit Risk. The Company may be exposed to a Credit Risk with third parties with whom it trades and may also bear the risk of settlement default.

Counterparty Risk
The risk to each party of a contract that the counterparty will not live up to its contractual obligations is perceived as a Counterparty Risk. Some of the assets will expose the Company to the risk of counterparty default.

The liquidity risk, market risk, currency risk, interest rate risk and the price risk are not defined as the Directors of the Company believe that these risks are minimal for the Company due to the nature of the financial fixed assets.

2. RESULTS AND ALLOCATION

The result for the year is a profit amounting to EUR 488,385 (2015: EUR 444,241) which we propose to carry forward.

3. ANNUAL CORPORATE GOVERNANCE STATEMENT

The board of directors of the Company (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Financial reporting process
The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing TMF Luxembourg S.A. (the "Administrator") to maintain the accounting records of the Company independently. The Administrator is contractually obliged to maintain proper books and records and to that end performs reconciliations of its records.

The Administrator is also contractually obliged to prepare the Annual Report including financial statements for review and approval by the Board. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and reports to the Board.

Risk assessment
The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring that the processes are in place for the timely identification of internal and external matters which may have a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's annual accounts.

Control activities
The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the annual accounts and the related notes in the Company's annual accounts.

Monitoring
The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information monitoring and oversight of the requirements are met in a complete and accurate manner.

Given the contractual obligation on the Administrator, the Board after its review and controls, has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective internal control and risk management systems of the Company in relation to the financial reporting process.

Appointment and replacement of Directors and amendments to the Articles of Association Powers of Directors
The Board is responsible for managing the business affairs of the Company with the articles of association of the Company. The Directors may delegate certain functions to the administrator and other parties subject to the supervision and direction by the Directors.

The Directors have engaged the Administrator for the day to day administration of the Company.

Accounting records
The Directors believe that they have complied with the requirements with regard to the keeping of proper books of account by engaging accounting personnel with the appropriate expertise and by providing adequate resources to the financial function.

The books of account of the Company are maintained at the Company's registered office.

4. POST BALANCE SHEET EVENTS

There were no important events since the year end which could influence the presentation of the current annual accounts.

On 17 February 2017, the Board approved the accession of the Company as an Additional Guarantor to a revolving facility agreement dated 23 Decmber 2016 that has been entred into between, among of them, Intralot Finance UK Limited as original borrower, Intralot S.A. as parent and original guarantor and JP Morgan Europe Limited as agent and security agent. The amount of the facility is EUR 15,000,000.

5. GOING CONCERN

The Company's current assets are not sufficient to cover current liabilities due and payable within one year. The parent company Intralot S.A. Integrated Lottery Systems and Services has committed to provide the necessary financial support to the Company.

6. PROPOSAL

We propose the approval of the annual accounts and to grant full discharge to the directors for their mandates during the year ended December 31, 2016.

7. DIRECTORS

During the financial year under review the Board of Directors consisted of:

Name	Date of appointment	Date of replacement
Mr Antonios Kerastaris	22-Apr-14	-
Mr Fabrice Rota	22-Apr-14	-
Mr Jacob Mudde	30-Nov-15	-

Luxembourg, 01, June, 2017

Mr Antonios Kerastaris
Director A

By proxy by
F.S. Rota

Mr Jacob Mudde
Director B

Mr Fabrice Rota
Director B

Grant Thornton
An instinct for growth™

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REPORT OF REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of Intralot Capital Luxembourg S.A. ("the Company"), which comprise the balance sheet as at December 31, 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the *Réviseur d'Entreprises Agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *Réviseur d'Entreprises Agréé*'s judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the *Réviseurs d'Entreprises Agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the Company as of December 31, 2016 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The Board of Directors' report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

Luxembourg, June 1, 2017

Hugues WANGEN
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

Intralot Capital Luxembourg S.A.
R.C.S. Luxembourg: B 186753

BALANCE SHEET

Financial year from 1st January 2016 to 31st December 2016 (in EUR)

ASSETS

	Reference (s)		Current year		Previous year
A. Subscribed capital unpaid	1101	101	-	102	-
I. Subscribed capital not called	1103	103	-	104	-
II. Subscribed capital called but unpaid	1105	105	-	106	-
B. Formation expenses	1107 Note 4	107	**13,597,063**	108	**5,289,740**
C. Fixed assets	1109	109	**492,723,498**	110	**244,548,018**
I. Intangible assets	1111	111	-	112	-
1. Costs of development	1113	113	-	114	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	-	116	-
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	-	118	-
b) created by the undertaking itself	1119	119	-	120	-
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	-	122	-
4. Payments on account and intangible assets under development	1123	123	-	124	-
II. Tangible assets	1125	125	-	126	-
1. Land and buildings	1127	127	-	128	-
2. Plant and machinery	1129	129	-	130	-
3. Other fixtures and fittings, tools and equipment	1131	131	-	132	-
4. Payments on account and tangible assets in the course of construction	1133	133	-	134	-
III. Financial assets	1135 Note 5	135	492,723,498	136	244,548,018
1. Shares in affiliated undertakings	1137	137	-	138	-
2. Loans to affiliated undertakings	1139	139	492,723,498	140	244,548,018
3. Participating interests	1141	141	-	142	-
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	-	144	-
5. Investments held as fixed assets	1145	145	-	146	-
6. Other loans	1147	147	-	148	-

Intralot Capital Luxembourg S.A.
R.C.S. Luxembourg: B 186753

BALANCE SHEET

Financial year from 1st January 2016 to 31st December 2016 (in EUR)

ASSETS

		Reference (s)		Current year		Previous year
D. Current assets	1151		151	**7,294,078**	152	**3,217,979**
I. Stocks	1153		153	-	154	-
1. Raw materials and consumables	1155		155	-	156	-
2. Work in progress	1157		157	-	158	-
3. Finished goods and goods for resale	1159		159	-	160	-
4. Payments on account	1161		161	-	162	-
II. Debtors	1163	Note 6	163	6,989,425	164	2,740,546
1. Trade debtors	1165		165	-	166	-
a) becoming due and payable within one year	1167		167	-	168	-
b) becoming due and payable after more than one year	1169		169	-	170	-
2. Amounts owed by affiliated undertakings	1171	Note 6.I	171	6,968,005	172	2,719,122
a) becoming due and payable within one year	1173		173	6,968,005	174	2,719,122
b) becoming due and payable after more than one year	1175		175	-	176	-
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177	-	178	-
a) becoming due and payable within one year	1179		179	-	180	-
b) becoming due and payable after more than one year	1181		181	-	182	-
4. Other debtors	1183	Note 6.II	183	21,420	184	21,424
a) becoming due and payable within one year	1185		185	21,420	186	21,424
b) becoming due and payable after more than one year	1187		187	-	188	-
III. Investments	1189		189	-	190	-
1. Shares in affiliated undertakings	1191		191	-	192	-
2. Own shares	1209		209	-	210	-
3. Other investments	1195		195	-	196	-
IV. Cash at bank and in hand	1197	Note 7	197	304,653	198	477,433
E. Prepayments	1199	Note 8	199	1,100,070	200	1,351,514
TOTAL (ASSETS)			201	**514,714,709**	202	**254,407,251**

Intralot Capital Luxembourg S.A.
R.C.S. Luxembourg: B 186753

BALANCE SHEET

Financial year from 1st January 2016 to 31st December 2016 (in EUR)

CAPITAL, RESERVES AND LIABILITIES

		Reference (s)		Current year		Previous year
A. Capital and reserves	1301	Note 9	301	**2,578,228**	302	**2,089,843**
I. Subscribed capital	1303		303	31,000	304	31,000
II. Share premium account	1305		305	2,000,000	306	2,000,000
III. Revaluation reserve	1307		307	-	308	-
IV. Reserves	1309		309	3,100	310	-
1. Legal reserve	1311		311	3,100	312	-
2. Reserve for own shares	1313		313	-	314	-
3. Reserves provided for by the articles of association	1315		315	-	316	-
4. Other reserves, including the fair value reserve	1429		429	-	430	-
a) other available reserves	1431		431	-	432	-
b) other non available reserves	1433		433	-	434	
V. Profit or loss brought forward	1319		319	55,743	320	- 385,398
VI. Profit or loss for the financial year	1321		321	488,385	322	444,241
VII. Interim dividends	1323		323	-	324	-
VIII. Capital investment subsidies	1325		325	-	326	-
B. Provisions	1331		331	**-**	332	**-**
1. Provisions for pensions and similar obligations	1333		333	-	334	-
2. Provisions for taxation	1335		335	-	336	-
3. Other provisions	1337		337	-	338	-
C. Creditors	1435	Note 10	435	**512,136,481**	436	**252,317,408**
1. Debenture loans	1437		437	506,421,875	438	251,875,000
a) Convertible loans	1439		439	-	440	-
i) becoming due and payable within one year	1441		441	-	442	-
ii) becoming due and payable after more than one year	1443		443	-	444	-
b) Non convertible loans	1445	Note 10.I	445	506,421,875	446	251,875,000
i) becoming due and payable within one year	1447		447	6,421,875	448	1,875,000
ii) becoming due and payable after more than one year	1449		449	500,000,000	450	250,000,000
2. Amounts owed to credit institutions	1355		355	-	356	-
a) becoming due and payable within one year	1357		357	-	358	-
b) becoming due and payable after more than one year	1359		359	-	360	-
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361		361	-	362	-
a) becoming due and payable within one year	1363		363	-	364	-
b) becoming due and payable after more than one year	1365		365	-	366	-
4. Trade creditors	1367	Note 10.II	367	5,093,942	368	169,148
a) becoming due and payable within one year	1369		369	5,093,942	370	169,148
b) becoming due and payable after more than one year	1371		371	-	372	-

The notes in the annex form an integral part of the annual accounts.

Intralot Capital Luxembourg S.A.
R.C.S. Luxembourg: B 186753

BALANCE SHEET

Financial year from 1st January 2016 to 31st December 2016 (in EUR)

CAPITAL, RESERVES AND LIABILITIES

		Reference (s)		Current year		Previous year
5. Bills of exchange payable	1373		373	-	374	-
a) becoming due and payable within one year	1375		375	-	376	-
b) becoming due and payable after more than one year	1377		377	-	378	-
6. Amounts owed to affiliated undertakings	1379		379	-	380	-
a) becoming due and payable within one year	1381		381	-	382	-
b) becoming due and payable after more than one year	1383		383	-	384	-
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385	-	386	-
a) becoming due and payable within one year	1387		387	-	388	-
b) becoming due and payable after more than one year	1389		389	-	390	-
8. Other creditors	1451		451	620,664	452	273,260
a) Tax authorities	1393	Note 10.III	393	620,664	394	273,260
b) Social security authorities	1395		395	-	396	-
c) Other creditors	1397		397	-	398	-
i) becoming due and payable within one year	1399		399	-	400	-
ii) becoming due and payable after more than one year	1401		401	-	402	-
E. Deferred income	1403		403	-	404	-
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	**514,714,709**	406	**254,407,251**

Mr Antonios Kerastaris	Mr Jacob Mudde	Mr Fabrice Rota
Director A	Director B	Director B

By proxy by

F.S. Rota

Intralot Capital Luxembourg S.A.
R.C.S. Luxembourg: B 186753

PROFIT AND LOSS ACCOUNT

Financial year from 1st January 2016 to 31st December 2016 (in EUR)

PROFIT AND LOSS ACCOUNT

	Reference (s)		Current year		Previous year
1. Net turnover	1701		701		702 -
2. Variation in stocks of finished goods and in work progress	1703		703 -		704 -
3. Work performed by the undertaking for its own purposes and capitalised	1705		705 -		706 -
4. Other operating income	1713		713 -		714 -
5. Raw materials and consumables and other external expenses	1671		671 - 215,730		672 - 197,281
a) Raw materials and consumables	1601		601 -		602 -
b) Other external expenses	1603 Note 11		603 - 215,730		604 - 197,281
6. Staff costs	1605		605 -		606 -
a) Wages and salaries	1607		607 -		608 -
b) Social securities costs	1609		609 -		610 -
i) relating to pensions	1653		653 -		654 -
ii) other social security costs	1655		655 -		656 -
c) other staff costs	1613		613 -		614 -
7. Value adjustments	1657		657 - 1,559,715		658 - 984,138
a) in respect of formation expenses and of tangible and intagible fixed assets	1659 Note 12		659 - 1,559,715		660 - 984,138
b) in respect of current assets	1661		661 -		662 -
8. Other operating expenses	1621		621 -		622 -
9. Income from participating interests	1715		715 -		716 -
a) derived from affiliated undertakings	1717		717 -		718 -
b) other income from participating interests	1719		719 -		720 -
10. Income from other investments and loans forming part of the fixed assets	1721 Note 13		721 22,133,600		722 17,210,642
a) derived from affiliated undertakings	1723		723 22,133,600		724 17,210,642
b) other income not included under a)	1725		725 -		726 -
11. Other interest receivable and similar income	1727 Note 14		727 160		728 11
a) derived from affiliated undertakings	1729		729 -		730 -
b) other interest and similar income	1731		731 160		732 11
12. Share of profits or loss of undertakings accounted for under the equity method	1663		663 -		664 -
13. Value adjustments in respect of financial assets and of investments held as current assets	1665		665 -		666 -
14. Interest payable and similar expenses	1627 Note 15		627 - 19,799,176		628 - 15,251,747
a) concerning affiliated undertakings	1629		629 -		630 -
b) other interest and similar expenses	1631		631 - 19,799,176		632 - 15,251,747
15. Tax on profit or loss	1635 Note 16		635 - 71,314		636 - 324,521
16. Profit or loss after taxation	1667		667 487,825		668 452,966
17. Other taxes not shown under items 1 to 16	1637 Note 17		637 560		638 - 8,725
18. Profit or loss for the financial year	1669		669 488,385		670 444,241

The notes in the annex form an integral part of the annual accounts.

Intralot Capital Luxembourg S.A.
Société Anonyme
R.C.S. Luxembourg: B 186753
Notes to the Annual Accounts

1 **General information**

Intralot Capital Luxembourg S.A. (hereafter the "Company") was incorporated on April 22, 2014 ("date of incorporation") and organised under the laws of Luxembourg as a *société anonyme* for an unlimited period.

The registered office of the Company is established in 46A, Avenue J. F. Kennedy, L-1855 Luxembourg, and the Company number with the Luxembourg register of Trade and Companies is B 186753. The financial year of the Company starts on 1 January and ends on December 31 of each calendar year.

The corporate object of the Company is:

- The acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies.

- The acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto.

- The ownership, administration, development and management of a portfolio of assets (including, among other things, the assets to in (i) and (ii) above);

- The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind)either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties by issuing securities of any kind whose value or return is linked to these risks. The Company may assume these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way;

- The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company;

- The Company may also give guaranties and grant security in favour of third parties to secure its obligations or the obligation of its subsidiaries, affiliated companies or any other company. The Company may further pledge, transfer, encumber or otherwise create security over some or all its assets.

- The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

- The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

In general the Company may take any controlling and supervisory measures and carry out any operation or transaction which is considers necessary or useful in the accomplishment and development of its corporate objects.

The Company is formed for an unlimited duration.

(i) The acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies;

(ii) The acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto;

(iii) The ownership, administration, development and management of a portfolio of assets (including, among other things, the assets to in (i) and (ii) above).

The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

The Company may also give guaranties and grant security in favour of third parties to secure its obligations or the obligation of its subsidiaries, affiliated companies or any other company. The Company may further pledge, transfer, encumber or otherwise create security over some or all its assets.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

In general the Company may take any controlling and supervisory measures and carry out any operation or transaction which is considers necessary or useful in the accomplishment and development of its corporate objects.

The Company is included in the consolidated accounts of Intralot S.A. Integrated Lottery Systems and Services forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at 64, Kifissias Ave. & 3, Premetis Str., 15125 Athens, Greece and the consolidated financial statements are available at the above address.

In addition, the Company is included in the consolidated accounts of Intralot Global Securities BV forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms part as a subsidiary undertaking. The registered office of Intralot Global Securities BV is located at Nachtwachtlaan 20-24, 1058 EA. Amsterdam, Netherlands and the consolidated financial statements are available at the above address.

2 **Presentation of the comparative data**

The layout of the Balance Sheet and Profit and Loss account has been modified as compared to December 31, 2015 following an update of the Luxembourg accounting law transposing the new EU Accounting directive (2006/43/EU). The Company adopted the Balance Sheet and Profit and Loss account format in accordance with the filing requirements of the *Registre de Commerce et des Sociétés de Luxembourg* ("RCSL") for the year ended December 31, 2016. The December 31, 2015 comparative format has been modified accordingly and prior year figures have been reclassified to conform to the current financial year's presentation.

3 **Summary of significant accounting policies**

Basis of preparation
The presentation of the accounts is in accordance with the Luxembourg law of 19 December 2002 as amended, on the commercial and companies register and on the accounting records and annual accounts of undertakings and the requirement of the commercial law. Accounting policies and valuation rules follow the historical cost convention and are, besides the ones laid down by the law, determined and applied by the Board of Directors.

The Company adopted the balance sheet and the profit and loss accounts format in accordance with the filing requirements of the "*Registre de Commerce et des Sociétés Luxembourg*" for the year ended December 31, 2016.

Formation expenses
Expenses incurred in relation to the issuance of the Notes have been capitalized and amortized on a straight line basis over the life of the Notes, in order to meet the true and fair view by derogation with the article 51 (1) a) of the Luxembourg law of 19 December 2002.

Financial fixed assets
Amounts owed by affiliated undertakings are valued at acquisition cost including the expenses incidental thereto.

They are subject to value adjustments where their recovery is compromised on a permanent nature. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

Other receivables
Other receivables are recorded at their nominal value. They are subject to value adjustments where their recoverability is either uncertain or compromised.

Cash at bank, cash in postal cheque accounts, cheques and cash in hand
Cash at bank comprise cash in hand, cash at bank, deposits held at call with banks. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Note payables
Note payables are recorded at their reimbursement value.

Foreign currencies
The Company maintains its books in Euro (EUR) and the annual accounts are expressed in this currency. Transactions in foreign currencies are translated into EUR at the exchange rates, which approximate the actual rates prevailing on the dates of the transactions.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss of the year. Other assets and liabilities denominated in foreign currencies are translated into EUR individually at the lower of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realized exchange gains and losses are recorded in the profit and loss account at the moment of their realization.

Tax
The Company is subject to all taxes applicable to a fully taxable company in Luxembourg. Provisions for taxation correspond to the tax liability estimated by the Company for the financial years for which the tax return has not been filed or for which the assessment from the tax authority has not been receieved and are recorded under caption 'Tax debts'.

Interest income and expense
Interest income and expenses are recorded on an accrual basis.

Prepayments
Discounts on the notes are amortised into the profit and loss account on a straight line basis over the life of the notes.

4 **Formation expenses**

The formation expenses are comprised as follows:

		31/12/2016	31/12/2015
Opening capitalised issue expenses		5,289,740	6,273,878
Capitalised issue expenses related to the Senior Note issued in 2016		9,867,038	-
Amortisation of issue expenses		(1,559,715)	(984,138)
	Balance	13,597,063	5,289,740

The capitalised issue expenses amounting to EUR 9,867,038 relate to the Senior Notes issued by the Company in September 2016 and are amortised over five years, being the period when the related Senior Notes will mature.

5 **Financial assets**

The financial assets are comprised as follows:

1. Loans to affiliated undertakings	Interest Rate	Maturity Date	Prinicipal as at 01/01/2016	Additions for the period	Repayments during the period	31/12/2016
Revolving Loan Facility to Intralot Finance UK Ltd	6.95%	14/11/2020	204,548,018	63,692,862	(48,662,595)	219,578,285
Revolving Loan Facility to Ilot Capital UK Ltd	6.95%	10/08/2020	20,000,000	-	(4,457,974)	15,542,026
Revolving Loan Facility to Ilot Investments UK Ltd	6.95%	10/08/2020	20,000,000	-	(4,457,973)	15,542,027
Revolving Loan Facility to Intralot Finance UK Ltd (new)	7.69%	15/09/2021	-	242,061,160	-	242,061,160
		Balance	244,548,018	305,754,022	(57,578,542)	492,723,498

On 23 September 2016, the Company entered into a revolving loan facility agreement as a lender with Intralot Finance UK Limited. The amount of the facility is EUR 242,061,160 (the "Facility") and will be used for general corporate purposes. For the period from 23 September 2016, the rate of interest is 7.69% per annum and the interest will be paid semi-annually in arrears on 15 March and 15 September of each year, commencing 15 March 2017. The final maturity date is 15 September 2021.

The terms of the existing loans remain unchanged.

6 **Debtors**

I. Amounts owed by affiliated undertakings

The amounts owed by affiliated undertakings are comprised as follows:

a) becoming due and payable within one year		31/12/2016	31/12/2015
Accrued interest receivable on Revolving Loan Facility to Intralot Finance UK Ltd		1,886,419	1,777,010
Accrued interest receivable on Revolving New Loan Facility to Intralot Finance UK Ltd		5,015,575	-
Accrued interest receivable on Revolving Loan Facility to Ilot Capital UK Ltd		33,005	471,056
Accrued interest receivable on Revolving Loan Facility to Ilot Investments UK Ltd		33,006	471,056
	Balance	6,968,005	2,719,122

II. Other debtors

The other debtors are comprised as follows:

a) becoming due and payable within one year		31/12/2016	31/12/2015
Tax advances on corporate income tax		3,210	6,424
Tax advances on net wealth tax		3,210	-
Other receivables - deposit for credit card		15,000	15,000
	Balance	21,420	21,424

7 Cash at bank and in hand

The cash at bank and cash in hand are comprised as follows:

	31/12/2016	31/12/2015
Société Générale Luxembourg - Current account	304,653	477,433
Balance	304,653	477,433

8 Prepayments

The prepayments are comprised as follows:

	31/12/2016	31/12/2015
Balance as at January 1	1,351,514	1,602,958
Additions for the year	-	-
Amortisation for the year	(251,444)	(251,444)
Balance as at December 31	1,100,070	1,351,514

9 Capital and reserves

The movements of the year are as follows:

	Share capital	Capital contribution without issue of shares	Legal reserve	Profit / (Loss) brought forward	Profit / (Loss) for the year	Total
Balance as at January 1, 2016	31,000	2,000,000	-	(385,398)	444,241	2,089,843
Profit or (loss) brought forward	-	-	3,100	441,141	(444,241)	-
Profit or (loss) for the financial year	-	-	-	-	488,385	488,385
Balance as at December 31, 2016	31,000	2,000,000	3,100	55,743	488,385	2,578,228

On July 23, 2014 the Company entered into a contribution agreement in which it's sole shareholder contributed EUR 2,000,000 to the Company to be allocated to the non-share contribution (account 115 of the Luxembourg Standard Chart of Accounts dated 10 June 2009). This amount is not available for distribution.

Legal reserve
Luxembourg companies are required to appropriate to the legal reserve a minimum of 5% of the net profit for the year after deduction of any losses brought forward, until this reserve equals 10% of the subscribed capital. This reserve may not be distributed in the form of cash dividends, or otherwise, during the life of the Company. The appropriation to legal reserve is effected after approval at the general meeting of shareholders.
The amount of EUR 3,100 was appropriated to legal reserve on 20 April 2016.

The share capital of the Company consists of 31 shares with a par value of EUR 1,000 each (EUR 31,000), fully paid up at December 31, 2016.

10 Creditors

The creditors are comprised as follows:

I. Debenture loans

Non convertible loans

a) becoming due and payable within one year

	31/12/2016	31/12/2015
Accrued interest payable on Senior Notes	6,421,875	1,875,000
Balance	6,421,875	1,875,000

b) becoming due and payable after more than one year

	Prinicipal as at 01/01/2016	Additions for the period	Interest Rate	Maturity Date	31/12/2016	31/12/2015
Senior Notes due 2021	250,000,000	-	6.00%	15/05/2021	250,000,000	250,000,000
Senior Notes due 2021	-	250,000,000	6.75%	15/09/2021	250,000,000	-
Balance					500,000,000	250,000,000

On 23 September 2016, the Company issued EUR 250,000,000 6.750% senior notes due 2021 (the "Senior Notes"). Interest will be paid on the Senior Notes, semi-annually in arrears on March 15 and September 15 of each year, commencing 15 March 2017. The Senior Notes will mature on 15 September 2021.

The new Senior Notes together with the senior notes issued on 8 May 2014 (the "Notes") are senior obligations of the Company and rank *pari passu* in right of payment to all of the Company's existing and future indebtedness that is not subordinated. The Notes have the benefit of an unconditional and irrevocable guarantee from the ultimate parent company Intralot SA Integrated Lottery Systems and Services and guarantees from certain of its subsidiaries as described in the Listing Prospectus of the Notes.

The Notes are listed on the Official List of the Luxembourg Stock Exchange (the "LxSE") and traded on the LxSE's Euro MTF market, which is not a regulated market within the meaning of Directive 2004/39/EC.

II. Trade Creditors

a) becoming due and payable within one year		31/12/2016	31/12/2015
Suppliers		5,093,942	169,148
	Balance	5,093,942	169,148

The Suppliers total amount of EUR 5,093,942 is comprised of an amount of EUR 4,996,096 for expenses not yet invoiced in relation to the Senior Notes issuance in the year 2016.

III. Other creditors

a) Tax debts		31/12/2016	31/12/2015
Corporate income tax payable		280,398	259,501
Municipal business tax accrual		15,566	-
VAT provision		324,700	13,759
	Balance	620,664	273,260

11 Other external expenses

		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Other professional fees		132,363	82,622
Administration fees		54,716	89,236
Auditing fees		10,764	14,952
Tax consulting fees		9,410	8,354
Bank account charges		7,477	2,117
Legal Fees		1,000	-
	Balance	215,730	197,281

12 Value adjustments

a) in respect of formation expenses and on tangible assets and intangible fixed assets		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Capitalised expenses amortisation		1,559,715	984,138
	Balance	1,559,715	984,138

13 Income from other investments and loans forming part of fixed assets

a) derived from affiliated undertakings		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Interest from RLF to Intralot Finance UK Plc		14,365,074	15,584,883
Interest from new RLF to Intralot Finance UK Plc		5,015,574	-
Interest from Bond Loan to Ilot Investment UK		1,376,476	471,056
Interest from Bond Loan to Ilot Capital UK		1,376,476	471,056
Interest from Bond Loan to Intralot SA - Series B - 26/02/2015		-	574,564
Interest from Bond Loan to Intralot SA - Series B - 22/08/2014		-	109,083
	Balance	22,133,600	17,210,642

14 Other interest receivable and similar income

a) other interest receivable and similar income		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Bank interest on current accounts		-	11
Foreign currency exchange gains realised		160	-
	Balance	160	11

15 Interest payable and similar expenses

b) other interest and similar expenses		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Interest on Senior Notes		19,546,875	15,000,000
Amortisation Prepayments (Discount)		251,444	251,444
Foreign currency exchange losses realised		857	303
	Balance	19,799,176	15,251,747

16 **Income tax**

		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Corporate income tax - current year expense		55,748	224,650
Municipal business tax - current year expense		15,566	-
Foreign income tax - withholding tax		-	68,292
Corporate income tax previous years		-	31,579
	Balance	71,314	324,521

17 **Other taxes not included in the previous caption**

		01/01/2016 - 31/12/2016	01/01/2015 - 31/12/2015
Non-deductible VAT		-	8,663
Reversal of VAT provision		(560)	-
Net wealth tax - current year		-	62
	Balance	(560)	8,725

18 **Related party transactions**

The Company was involved in intercompany transactions which have been concluded under normal market conditions. The counter parties were:

a) Intralot Finance UK Limited
b) Ilot Capital UK Ltd
c) Ilot Investments UK Ltd
d) Intralot Finance Luxembourg S.A.

All transactions have been accounted and disclosed for.

19 **Staff costs**
During the year under review, the Company did not employ any personnel and, consequently, no payment for wages, salaries or social securities were made (2015: nil).

20 **Advances and loans granted to the members of the managing and supervisory bodies**
There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial period under review (2015: nil).

21 **Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions**
For the financial year under review, there have been no emoluments granted to the members of the administrative, managerial and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies (2015: nil).

22 **Certain covenants and guarantees**
The Notes are senior obligations of the Company and rank pari passu in right of payment to all of the Company's existing and future indebtedness that is not subordinated. The Notes have the benefit of an unconditional and irrevocable guarantee from the ultimate parent company Intralot SA Integrated Lottery Systems and Services and guarantees from certain of its subsidiaries as described in the Listing Prospectus of the Notes.

On 16 December 2016, the Company became party to a facility agreement as original guarantor for a total commitment of EUR 225,000,000 at the date of the agreement. The original borrower to the facility agreement is Intralot Finance UK Limited.

On 23 December 2016, the Company became party to a revolving facility agreement as additional guarantor for the total commitments being EUR 15,000,000 at the date of the agreement. The original borrower to the revolving facility agreement is Intralot Finance UK Limited.

23 **Going concern**
The Company's current assets are not sufficient to cover current liabilities due and payable within one year. The parent company Intralot S.A. Integrated Lottery Systems and Services has committed to provide the necessary financial support to the Company.

24 **Subsequent events**
There were no important events since the year end which could influence the presentation of the current annual accounts.

On 17 February 2017, the Board approved the accession of the Company as an Additional Guarantor to a revolving facility agreement dated 23 December 2016 that has been entered into between, among of them, Intralot Finance UK Limited as original borrower, Intralot S.A. as parent and original guarantor and JP Morgan Europe Limited as agent and security agent. The amount of the facility is EUR 15,000,000.

Luxembourg, 01, June 2017

Mr Antonios Kerastaris
Director A

Mr Jacob Mudde
Director B

Mr Fabrice Rota
Director B

By proxy by

F.S. Rota

Intralot Capital Luxembourg S.A.
Société anonyme

Annual accounts
and Report of the Réviseur d'Entreprises Agréé
For the financial year ended December 31, 2015

Registered office:
46A, Avenue J. F. Kennedy
L-1855 Luxembourg
R.C.S. Luxembourg: B 186753

Contents **Page(s)**

Intralot Capital Luxembourg S.A.

R.C.S. Luxembourg: B 186753
(the "Company")

Directors' Report

The directors present their annual report and the annual accounts of Intralot Capital Luxembourg S.A. (the "Company") for the financial year ended December 31, 2015.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The corporate object of the Company is:

(i) The acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies;

(ii) The acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto;

(iii) The ownership, administration, development and management of a portfolio of assets (including, among other things, the assets to in (i) and (ii) above).

The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

The Company may also give guaranties and grant security in favour of third parties to secure its obligations or the obligation of its subsidiaries, affiliated companies or any other company. The Company may further pledge, transfer, encumber or otherwise create security over some or all its assets.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

In general the Company may take any controlling and supervisory measures and carry out any operation or transaction which is considers necessary or useful in the accomplishment and development of its corporate objects.

The Company is formed for an unlimited duration.

On May 8, 2014, the Company issued EUR 250,000,000 6.0% Senior Notes due 2021. Interest will be paid on the Notes, semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2014. The Notes will mature on May 15, 2021.

The proceeds of the Notes were used to finance an intercompany loan to Intralot Finance UK Plc and an intragroup bond loan (Series B) to the ultimate parent Intralot SA Integrated Lottery Systems and Services.

The Company subscribed to another bond loan issued by Intralot S.A. (Series B) on February 26, 2015 in the amount of EUR 10,000,000, which was fully repaid on August 21, 2015. On June 3, 2015, the EUR 3,000,000 intragroup bond loan (Series B) was fully repaid as well.

The Company used the funds received from the repayments of the intercompany loan and the intragroup bonds subscribed to grant revolving loan facilities in an aggregate amount of EUR 40,000,000 under the following agreements:

- a loan agreement dated 27 August 2015 with Ilot Capital UK Ltd in an amount of EUR 20,000,000; and

- a loan agreement dated 27 August 2015 with Ilot Investments UK Ltd in an amount of EUR 20,000,000.

On November 30, 2015 the extraordinary general meeting of shareholders acknowledged and accepted the resignation of Mr. Erik van Os as Director of the Company. Mr. Jacob Mudde was appointed as new Director.

During the year ended December 31, 2015, the Company has not purchased any of its own shares.

The Company was not involved or participating in any kind of research or development activities in the financial year ended 31 December 2015.

As at December 31, 2015, the Company had no branches.

Credit Risk
The risk of loss of principal or loss of a financial reward arising from a borrower's failure to repay a loan or otherwise meet a contractual obligation is perceived as a Credit Risk. The Company may be exposed to a Credit Risk with third parties with whom it trades and may also bear the risk of settlement default.

Counterparty Risk
The risk to each party of a contract that the counterparty will not live up to its contractual obligations is perceived as a Counterparty Risk. Some of the assets will expose the Company to the risk of counterparty default.

The liquidity risk, market risk, currency risk, interest rate risk and the price risk are not defined as the Directors of the Company believe that these risks are minimal for the Company due to the nature of the financial fixed assets.

2. RESULTS AND ALLOCATION

The result for the year is a profit amounting to EUR 444,241 which we propose to allocate as follows: the amount of EUR 3,100 to legal reserve and the amount of EUR 441,141 to carry forward.

3. ANNUAL CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems for Intralot Capital Luxembourg S.A. in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Financial reporting process
The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing TMF Luxembourg S.A. (the "Administrator") to maintain the accounting records of the Company independently. The Administrator is contractually obliged to maintain proper books and records and to that end performs reconciliations of its records.

The Administrator is also contractually obliged to prepare the Annual Report including financial statements for review and approval by the Board. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and reports to the Board.

Risk assessment
The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring that the processes are in place for the timely identification of internal and external matters which may have a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's annual accounts.

Control activities
The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the annual accounts and the related notes in the Company's annual accounts.

Monitoring
The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information monitoring and oversight of the requirements are met in a complete and accurate manner.

Given the contractual obligation on the Administrator, the Board after its review and controls, has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective internal control and risk management systems of the Company in relation to the financial reporting process.

Appointment and replacement of Directors and amendments to the Articles of Association Powers of Directors
The Board is responsible for managing the business affairs of the Company with the Articles of Association. The Directors may delegate certain functions to the administrator and other parties subject to the supervision and direction by the Directors.

The Directors have delegated the day to day Administration of the Company to the Administrator as stated above.

Accounting records
The Directors believe that they have complied with the requirements with regard to the keeping of proper books of account by engaging accounting personnel with the appropriate expertise and by providing adequate resources to the financial function.

The books of account of the Company are maintained at the Company's registered office.

4. POST BALANCE SHEET EVENTS

There were no important events since the year end which could influence the presentation of the current annual accounts.

5. PROPOSAL

We propose the approval of the annual accounts and to grant full discharge to the directors for their mandates during the year ended December 31, 2015.

6. DIRECTORS

During the financial year under review the Board of Directors consisted of:

Name	Date of appointment	Date of replacement
Mr Antonios Kerastaris	22-Apr-14	-
Mr Fabrice Rota	22-Apr-14	-
Mr Erik Van Os	22-Apr-14	30-Nov-15
Jacob Mudde	30-Nov-15	-

Luxembourg, March 30, 2016

Mr Antonios Kerastaris
Director

Mr Jacob Mudde
Director

Mr Fabrice Rota
Director

D.R.

Grant Thornton
An instinct for growth™

To the Sole Shareholder of
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REPORT OF REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of Intralot Capital Luxembourg S.A. ("the Company"), which comprise the balance sheet as at December 31, 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the *Réviseur d'Entreprises Agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *Réviseur d'Entreprises Agréé*'s judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the *Réviseurs d'Entreprises Agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the Company as of December 31, 2015 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report which is the responsibility of the Board of Directors is consistent with the annual accounts.

Other matter

The annual accounts of the Company for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on the annual accounts on February, 25 2015.

Luxembourg, March 30, 2016

Hugues WANGEN
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

RCSL Nr.: B186753	Matricule: 2014 2208 459
	eCDF entry date: 31/03/2016

BALANCE SHEET

Financial year from 01 01/01/2015 **to** 02 31/12/2015 (in 03 EUR)

Intralot Capital Luxembourg S.A.
46A, Avenue J.F. Kennedy
L-1855 Luxembourg

ASSETS

	Reference(s)		Current year		Previous year	
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107	Note 4	107	5.289.740,00	108	6.273.878,00
C. Fixed assets	1109	Note 5	109	244.548.018,00	110	242.750.000,00
I. Intangible fixed assets	1111		111		112	
1. Research and development costs	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible fixed assets under development	1123		123		124	
II. Tangible fixed assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B186753	Matricule: 2014 2208 459

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135		135	244.548.018,00	136	242.750.000,00
1. Shares in affiliated undertakings	1137		137		138	
2. Amounts owed by affiliated undertakings	1139	Note 5	139	244.548.018,00	140	242.750.000,00
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141		141		142	
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Securities and other financial instruments held as fixed assets	1145		145		146	
6. Loans and claims held as fixed assets	1147		147		148	
7. Own shares or own corporate units	1149		149		150	
D. Current assets	1151		151	3.217.979,00	152	3.516.225,00
I. Inventories	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work and contracts in progress	1157		157		158	
3. Finished goods and merchandise	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	2.740.546,00	164	2.881.868,00
1. Trade receivables	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	Note 6.1	171	2.719.122,00	172	2.869.460,00
a) becoming due and payable within one year	1173		173	2.719.122,00	174	2.869.460,00
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B186753	Matricule: 2014 2208 459

		Reference(s)		Current year		Previous year
4. Other receivables	1163	Note 6.2	183	21.424,00	184	12.408,00
a) becoming due and payable within one year	1185		185	21.424,00	186	12.408,00
b) becoming due and payable after more than one year	1187		187		188	
III. Transferable securities and other financial instruments	1189		189		190	
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191		191		192	
2. Own shares or own corporate units	1193		193		194	
3. Other transferable securities and other financial instruments	1195		195		196	
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197	Note 7	197	477.433,00	198	634.357,00
E. Prepayments	1199	Note 8	199	1.351.514,00	200	1.602.958,00
TOTAL (ASSETS)			201	254.407.251,00	202	254.143.061,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B186753	Matricule: 2014 2208 459

LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	Note 9	301	2.089.843,00	302	1.645.602,00
I. Subscribed capital	1303		303	31.000,00	304	31.000,00
II. Share premium and similar premiums	1305		305	2.000.000,00	306	2.000.000,00
III. Revaluation reserves	1307		307		308	
IV. Reserves	1309		309		310	
1. Legal reserve	1311		311		312	
2. Reserve for own shares or own corporate units	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves	1317		317		318	
V. Profit or loss brought forward	1319		319	-385.398,00	320	
VI. Profit or loss for the financial year	1321		321	444.241,00	322	-385.398,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
IX. Temporarily not taxable capital gains	1327		327		328	
B. Subordinated debts	1329		329		330	
1. Convertible loans	1413		413		414	
a) becoming due and payable within one year	1415		415		416	
b) becoming due and payable after more than one year	1417		417		418	
2. Non convertible loans	1419		419		420	
a) becoming due and payable within one year	1421		421		422	
b) becoming due and payable after more than one year	1423		423		424	
C. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
D. Non subordinated debts	1339	Note 10	339	252.317.408,00	340	252.497.459,00
1. Debenture loans	1341		341	251.875.000,00	342	251.875.000,00
a) Convertible loans	1343		343		344	
i) becoming due and payable within one year	1345		345		346	
ii) becoming due and payable after more than one year	1347		347		348	

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B186753	Matricule: 2014 2208 459

		Reference(s)		Current year		Previous year
b) Non convertible loans	1349	Note 10.1	349	251.875.000,00	350	251.875.000,00
i) becoming due and payable within one year	1351		351	1.875.000,00	352	1.875.000,00
ii) becoming due and payable after more than one year	1353		353	250.000.000,00	354	250.000.000,00
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367	Note 10.2	367	169.148,00	368	319.299,00
a) becoming due and payable within one year	1369		369	169.148,00	370	319.299,00
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379		379		380	
a) becoming due and payable within one year	1381		381		382	
b) becoming due and payable after more than one year	1383		383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Tax and social security debts	1391	Note 10.3	391	273.260,00	392	303.160,00
a) Tax debts	1393		393	273.260,00	394	303.160,00
b) Social security debts	1395		395		396	

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B186753	Matricule : 2014 2208 459

	Reference(s)		Current year		Previous year
9. Other creditors	1397	397		398	
a) becoming due and payable within one year	1399	399		400	
b) becoming due and payable after more than one year	1401	401		402	
E. Deferred income	1403	403		404	
TOTAL (LIABILITIES)		405	254.407.251,00	406	254.143.061,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B186753	Matricule : 2014 2208 459
	eCDF entry date : 31/03/2016

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2015 **to** 02 31/12/2015 *(in* 03 EUR *)*

Intralot Capital Luxembourg S.A.
46A, Avenue J.F. Kennedy
L-1855 Luxembourg

A. CHARGES

		Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601		601		602	
2. Other external charges	1603	Note 11	603	197.281,00	604	210.683,00
3. Staff costs	1605		605		606	
a) Salaries and wages	1607		607		608	
b) Social security on salaries and wages	1609		609		610	
c) Supplementary pension costs	1611		611		612	
d) Other social costs	1613		613		614	
4. Value adjustments	1615		615	984.138,00	616	634.222,00
a) on formation expenses and on tangible and intangible fixed assets	1617	Note 12	617	984.138,00	618	634.222,00
b) on current assets	1619		619		620	
5. Other operating charges	1621		621		622	
6. Value adjustments and fair value adjustments on financial fixed assets	1623		623		624	
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625		625		626	
8. Interest and other financial charges	1627	Note 13	627	15.251.747,00	628	9.830.197,00
a) concerning affiliated undertakings	1629		629	15.251.747,00	630	9.830.197,00
b) other interest and similar financial charges	1631		631		632	

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B186753	Matricule: 2014 2208 459

		Reference(s)		Current year		Previous year
9. Share of losses of undertakings accounted for under the equity method	1649		649		650	
10. Extraordinary charges	1633		633		634	
11. Income tax	1635	Note 14	635	324.521,00	636	3.210,00
12. Other taxes not included in the previous caption	1637	Note 15	637	8.725,00	638	299.950,00
13. Profit for the financial year	1639		639	444.241,00	640	0,00
TOTAL CHARGES			641	17.210.653,00	642	10.978.262,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B186753 | Matricule: 2014 2208 459

B. INCOME

	Reference(s)		Current year		Previous year
1. Net turnover	1701	701		702	
2. Change in inventories of finished goods and of work and contracts in progress	1703	703		704	
3. Fixed assets under development	1705	705		706	
4. Reversal of value adjustments	1707	707		708	
a) on formation expenses and on tangible and intangible fixed assets	1709	709		710	
b) on current assets	1711	711		712	
5. Other operating income	1713	713		714	
6. Income from financial fixed assets	1715 Note 16	715	17.210.642,00	716	10.592.841,00
a) derived from affiliated undertakings	1717	717	17.210.642,00	718	10.592.841,00
b) other income from participating interests	1719	719		720	
7. Income from financial current assets	1721	721		722	
a) derived from affiliated undertakings	1723	723		724	
b) other income from financial current assets	1725	725		726	
8. Other interest and other financial income	1727 Note 17	727	11,00	728	23,00
a) derived from affiliated undertakings	1729	729		730	
b) other interest and similar financial income	1731	731	11,00	732	23,00
9. Share of profits of undertakings accounted for under the equity method	1745	745		746	
10. Extraordinary income	1733	733		734	
13. Loss for the financial year	1735	735	0,00	736	385.398,00
TOTAL INCOME		737	17.210.653,00	738	10.978.262,00

The notes in the annex form an integral part of the annual accounts

1 General information

Intralot Capital Luxembourg S.A. (hereafter the "Company") was incorporated on April 22, 2014 ("date of incorporation") and organised under the laws of Luxembourg as a société anonyme for an unlimited period.

The registered office of the Company is established in Luxembourg, 46A, Avenue J. F. Kennedy, L-1855 Luxembourg, and the Company number with the Luxembourg Trade and Companies Register is B 186753. The financial year of the Company starts on 1 January and ends on December 31 of each calendar year except for the first financial period which commenced on the date of incorporation and ended on December 31, 2014.

The corporate object of the Company is:

- The acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies.

- The acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto.

- The ownership, administration, development and management of a portfolio of assets;

- The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets, and/or risks relating to liabilities or commitments of third parties by issuing securities of any kind whose value or return is linked to these risks;

- The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes;
(i) The acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies;

(ii) The acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto;

(iii) The ownership, administration, development and management of a portfolio of assets (including, among other things, the assets to in (i) and (ii) above).

The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

The Company may also give guaranties and grant security in favour of third parties to secure its obligations or the obligation of its subsidiaries, affiliated companies or any other company. The Company may further pledge, transfer, encumber or otherwise create security over some or all its assets.

The Company may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. The Company may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

In general the Company may take any controlling and supervisory measures and carry out any operation or transaction which is considers necessary or useful in the accomplishment and development of its corporate objects.

The Company is included in the consolidated accounts of Intralot S.A. Integrated Lottery Systems and Services forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at 64, Kifissias Ave & 3, Premetis Str., 15125 Athens, Greece and the consolidated financial statements are available at the above address.

In addition, the Company is included in the consolidated accounts of Intralot Global Securities BV forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms part as a subsidiary undertaking. The registered office of Intralot Global Securities BV is located at Nachtwachtlaan 20-24, 1058 EA Amsterdam, Netherlands and the consolidated financial statements are available at the above address.

2 Presentation of the comparative data

The figures for the year ended December 31, 2014, relating to Prepayments and Formation expenses have been reclassified to ensure comparability with the figures for the year ended December 31, 2015. The figures for the year ended December 31, 2014, relating to Other reserves and Share premium and similar premiums have been reclassified to ensure comparability with the figures for the year ended December 31, 2015.

3 Summary of significant accounting policies

Basis of preparation

The presentation of the accounts is in accordance with the Luxembourg law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings and the requirement of the commercial law. Accounting policies and valuation rules follow the historical cost convention and are, besides the ones laid down by the law, determined and applied by the Board of Directors.

The Company adopted the balance sheet and the profit and loss accounts format in accordance with the filing requirements of the "Registre de Commerce et des Sociétés Luxembourg" for the year ended December 31, 2015.

Formation expenses

Expenses incurred in relation to the issuance of the Notes have been capitalized and amortized on a straight line basis over the life of the Notes, in order to meet the true and fair view by derogation with the article 51 (1) a) of the Luxembourg law of 19 December 2002.

Financial fixed assets

Amounts owed by affiliated undertakings are valued at acquisition cost including the expenses incidental thereto.

They are subject to value adjustments where their recovery is compromised on a permanent nature. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

Other receivables

Other receivables are recorded at their nominal value. They are subject to value adjustments where their recoverability is either uncertain or compromised.

Cash at bank, cash in postal cheque accounts, cheques and cash in hand

Cash at bank comprise cash in hand, cash at bank, deposits held at call with banks. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Note payables

Note payables are recorded at their reimbursement value.

3 Summary of significant accounting policies - continued

Foreign currencies
The Company maintains its books in Euro (EUR) and the annual accounts are expressed in this currency. Transactions in foreign currencies are translated into EUR at the exchange rates, which approximate the actual rates prevailing on the dates of the transactions.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss of the year. Other assets and liabilities denominated in foreign currencies are translated into EUR individually at the lower of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realized exchange gains and losses are recorded in the profit and loss account at the moment of their realization.

Tax
The Company is subject to all taxes applicable to a fully taxable company in Luxembourg. Provisions for taxation correspond to the tax liability estimated by the Company for the financial years for which the tax return has not been filed or for which the assessment from the tax authority has not been received and are recorded under caption 'Tax debts'.

Interest income and expense
Interest income and expenses are recorded on an accrual basis.

Prepayments
Discounts on the notes are amortised into the profit and loss account on a straight line basis over the life of the notes.

4 Formation expenses

The formation expenses are comprised as follows:

		31/12/2015	31/12/2014
Capitalised issue expenses		6,273,878	6,908,100
Amortisation of issue expenses		(984,138)	(634,222)
	Balance	5,289,740	6,273,878

On May 8, 2014, the Company issued EUR 250,000,000 6.0% Senior Notes due 2021. Interest will be paid on the Notes, semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2014. The Notes will mature on May 15, 2021. The expenses directly attributable to the issuance amounted to EUR 6,908,100 were capitalised and are amortised over the seven year life of the Notes.

5 Financial fixed assets

The financial fixed assets are comprised as follows:

I. Amounts owed by affiliated undertakings		Principal as at 01/01/2015	Additions for the period	Repayments during the period	31/12/2015
Revolving Loan Facility to Intralot Finance UK Plc		239,750,000	-	(35,201,982)	204,548,018
Revolving Loan Facility to Ilot Capital UK Ltd		-	20,000,000	-	20,000,000
Revolving Loan Facility to Ilot Investments UK Ltd		-	20,000,000	-	20,000,000
Bond Loan Intralot SA - Series B - 22/08/2014		3,000,000	-	(3,000,000)	-
Bond Loan Intralot SA - Series B - 26/02/2015		-	10,000,000	(10,000,000)	-
	Balance	242,750,000	50,000,000	(48,201,982)	244,548,018

On May 8, 2014, the Company issued EUR 250,000,000 6.0% Senior Notes due 2021, the "Notes". The proceeds of the Notes were used to finance Intralot group companies as follows.

A) On May 13, 2014 the Company entered into a Revolving Loan Facility "the RLF" with Intralot Finance UK Plc of EUR 250,000,000. Intralot Finance UK Plc drew down from the RLF on May 14, 2014 the amount of EUR 241,000,000. The loan bears interest at 6.95% per annum and is subject to agreement between the Company and Intralot Finance UK Plc thereafter. The interest is paid in arrears on a semi-annually basis on May 15 and November 15 each year. The Facility can be repaid in full on or before the termination date i.e. November 14, 2020 or such later date as determined by the Directors. The initial drawdown amount was partially repaid during the year 2014, for an amount of EUR 1,250,000 and during the year 2015, for an aggregate amount of EUR 35,201,982.
The Company received the financial support from Intralot S.A. Integrated Lottery Systems and Services for the amounts owed by Intralot Finance UK Plc.

B) On August 22, 2014, the Company subscribed to the Intragroup Bond Loan issued by the ultimate parent company, Intralot SA Integrated Lottery Systems and Services ("the Issuer"). The Issuer has registered and issued bonds in two series: Series A in an aggregate principal amount of up to EUR 6,000,000 and Series B in an aggregate principal amount of EUR 6,000,000. The Company subscribed to the Series B of the Bond Loan amounting to EUR 3,000,000. The interest of 8.5% per annum is paid in arrears on a semi-annually basis on February 25 and August 25 each year. The final maturity date of the Bond Loan is August 24, 2024 or such later date as shall be determined by the Issuer. The loan was fully repaid on June 4, 2015.

C) On February 26, 2015, the Company subscribed to the Intragroup Bond Loan issued by the ultimate parent company, Intralot S.A. ("the Issuer") in amount of EUR 10,000,000. The interest of 12% per annum is paid in arrears on a semi-annually basis on February 27 and August 27 each year. The final maturity date of the Bond Loan is February 27, 2025 or such later date as shall be determined by the Issuer. The Bond Loan was fully repaid on August 21, 2015.

D) On August 27, 2015, the Company granted a revolving loan facility to Ilot Capital UK Ltd in an amount of EUR 20,000,000. The interest rate of 6.95% per annum is paid in arrears on a semi-annual basis on February 10 and August 10 each year. The termination date of the loan facility is August 10, 2020 or such later date as shall be determined by the borrower.

E) On August 27, 2015, the Company granted a revolving loan facility to Ilot Investments UK Ltd in an amount of EUR 20,000,000. The interest rate of 6.95% per annum is paid in arrears on a semi-annual basis on February 10 and August 10 each year. The termination date of the loan facility is August 10, 2020 or such later date as shall be determined by the borrower.

6 Debtors

I. Amounts owed by affiliated undertakings

The amounts owed by affiliated undertakings are comprised as follows:

a) becoming due and payable within one year		31/12/2015	31/12/2014
Accrued interest receivable on RLF to Intralot Finance UK Plc		1,777,010	2,778,793
Accrued interest receivable on Revolving Loan Facility to Ilot Capital UK Ltd		471,056	-
Accrued interest receivable on Revolving Loan Facility to Ilot Investments UK Ltd		471,056	-
Accrued interest receivable on Bond Loan Intralot SA - Series B - 22/08/2014		-	90,667
	Balance	2,719,122	2,869,460

II. Other receivables

The other receivables are comprised as follows:

a) becoming due and payable within one year		31/12/2015	31/12/2014
Tax advances on corporate income tax		6,424	2,408
Other receivables - deposit for credit card		15,000	10,000
	Balance	21,424	12,408

7 Cash at bank

The cash at bank, cash in postal cheque accounts, cheques and cash in hand are comprised as follows:

	31/12/2015	31/12/2014
Société Générale Luxembourg - Current account	477,433	634,357
Balance	477,433	634,357

8 Prepayments

The prepayments are comprised as follows:	31/12/2015	31/12/2014
Balance as at January 1, 2015	1,602,958	1,765,000
Amortisation for the year	(251,444)	(162,042)
Balance as at December 31, 2015	1,351,514	1,602,958

On May 8, 2014, the Company issued EUR 250,000,000 6.0% Senior Notes due 2021. Interest will be paid on the Notes, semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2014. The Notes will mature on May 15, 2021. The Notes were issued with a discount of EUR 1,765,000 which is amortised over the seven year life of the Notes.

9 Capital and reserves

The movements of the year are as follows:

	Share capital	Capital contribution without issue of shares	Profit / (Loss) brought forward	Profit / (Loss) reserve	Total
Balance as at January 1, 2015	31,000	2,000,000	-	(385,398)	1,645,602
Profit or (loss) brought forward	-	-	(385,398)	385,398	-
Profit or (loss) for the financial year	-	-	-	444,241	444,241
Balance as at December 31, 2015	31,000	2,000,000	(385,398)	444,241	2,089,843

On July 23, 2014 the Company entered into a contribution agreement in which the sole shareholder contributed EUR 2,000,000 to the Company to be allocated to the non-share contribution (account 115 of the Luxembourg Standard Chart of Accounts dated 10 June 2009). This amount is not available for distribution

Legal reserve
Luxembourg companies are required to appropriate to the legal reserve a minimum of 5% of the net profit for the year after deduction of any losses brought forward, until this reserve equals 10% of the subscribed capital. This reserve may not be distributed in the form of cash dividends, or otherwise, during the life of the Company. The appropriation to legal reserve is effected after approval at the general meeting of shareholders.
As at December 31, 2015, the Company has made a profit. The amount of EUR 3,100 will be appropriated to legal reserve in respect of the year ended December 31, 2015.

The share capital of the Company consists of 31 shares with a par value of EUR 1,000 each (EUR 31,000), fully paid up at December 31, 2015.

10 Non subordinated debts

The non subordinated debts are comprised as follows:

I. Debenture loans

Non convertible loans

a) becoming due and payable within one year	31/12/2015	31/12/2014
Accrued interest payable on Senior Notes	1,875,000	1,875,000
Balance	1,875,000	1,875,000

b) becoming due and payable after more than one year

	Prinicipal as at 01/01/2015	Additions for the period	Interest Rate	31/12/2015	31/12/2014
Senior Notes due 2021	250,000,000	-	6.0%	250,000,000	250,000,000
Balance				250,000,000	250,000,000

On May 8, 2014, the Company issued EUR 250,000,000 6.0% Senior Notes due 2021. Interest will be paid on the Notes, semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2014. The Notes will mature on May 15, 2021. The issue price of the Notes was set to 99.294% resulting into an initial discount amounting to EUR 1,765,000 amortised over the seven year life of the Notes.

The Notes are senior obligations of the Company and rank *pari passu* in right of payment to all of the Company's existing and future indebtedness that is not subordinated. The Notes have the benefit of an unconditional and irrevocable guarantee from the ultimate parent company Intralot SA Integrated Lottery Systems and Services and guarantees from certain of its subsidiaries as described in the Listing Prospectus of the Notes.

The Notes are listed on the Official List of the Luxembourg Stock Exchange (the "LxSE") and traded on the LxSE's Euro MTF market, which is not a regulated market within the meaning of Directive 2004/39/EC.

II. Trade Creditors

a) becoming due and payable within one year		31/12/2015	31/12/2014
Banca IMI		80,400	80,400
Citi Bank		54,626	54,626
Audit fees accrued		12,400	13,000
Tax services fees accrued		9,000	9,000
TMF Luxembourg S.A.		5,713	1,877
Administration fees accrued		4,159	2,136
Credit Card invoices		2,500	-
Chamber of Commerce		350	-
S&P Ratings		-	150,000
BenerDanismanlik		-	8,260
	Balance	169,148	319,299

III. Tax and social security debts

		31/12/2015	31/12/2014
a) Tax debts			
Corporate income tax payable		259,501	3,210
VAT payable		13,759	299,950
	Balance	273,260	303,160

11 Other external charges

		01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2014
Administration fees		89,236	48,697
Other professional fees		82,622	122,248
Auditing fees		14,952	13,000
Tax consulting fees		8,354	19,792
Bank account charges		2,117	3,125
Legal Fees		-	2,871
Other charges		-	950
	Balance	197,281	210,683

12 Value adjustments

a) on formation expenses and on tangible assets and intangible fixed assets		01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2015
Capitalised expenses amortisation		984,138	634,222
	Balance	984,138	634,222

13 Interest and other financial charges

b) other interest and similar financial charges		01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2014
Interest on Senior Notes		15,000,000	9,667,500
Amortisation Prepayments (Discount)		251,444	162,042
Foreign currency exchange losses realised		303	655
	Balance	15,251,747	9,830,197

14 Income tax

		01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2014
Corporate income tax - current year expense		224,650	3,210
Foreign income taxe - withholding tax		68,292	-
Corporate income tax previous years		31,579	-
	Balance	324,521	3,210

The withholding taxes related to the year 2014 were in an amount of EUR 13,600 and EUR 54,692 for the year 2015

15 Other taxes not included in the previous caption

		01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2014
Non-deductible VAT		8,663	299,950
Net wealth tax - current year		62	-
	Balance	8,725	299,950

16 Income from financial fixed assets

a) derived from affiliated undertakings		01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2014
Interest from RLF to Intralot Finance UK Plc		15,584,893	10,502,174
Interest from Bond Loan to Intralot SA - Series B - 26/02/2015		574,564	-
Interest from Bond Loan to Ilot Capital UK		471,056	-
Interest from Bond Loan to Ilot Investment UK		471,056	-
Interest from Bond Loan to Intralot SA - Series B - 22/08/2014		109,083	90,667
	Balance	17,210,642	10,592,841

17 Other interest and other financial income

	01/01/2015 - 31/12/2015	22/04/2014 - 31/12/2014
a) other interest and similar financial income		
Bank interest on current accounts	11	20
Foreign currency exchange gains realised	-	3
Balance	11	23

18 Related party transactions

The Company was involved in intercompany transactions which have been concluded under normal market conditions. The counter parties were:

a) Intralot SA
b) Intralot Finance UK Plc
c) Ilot Capital UK Ltd
d) Ilot Investments UK Ltd

All transactions have been accounted and disclosed for.

19 Staff costs

During the year under review, the Company did not employ any personnel and, consequently, no payment for wages, salaries or social securities were made (2014: nil).

20 Advances and loans granted to the members of the managing and supervisory bodies

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial period under review (2014: nil).

21 Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions

For the financial year under review, there have been no emoluments granted to the members of the administrative, managerial and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies (2014: nil).

22 Certain covenants and guarantees

The Notes are senior obligations of the Company and rank pari passu in right of payment to all of the Company's existing and future indebtedness that is not subordinated. The Notes have the benefit of an unconditional and irrevocable guarantee from the ultimate parent company Intralot SA Integrated Lottery Systems and Services and guarantees from certain of its subsidiaries as described in the Listing Prospectus of the Notes.

23 Subsequent events

There were no important events since the year end which could influence the presentation of the current annual accounts.

Mr Antonios Kerastaris Director	Mr Jacob Mudde Director	Mr Fabrice Rota Director

D.P.

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