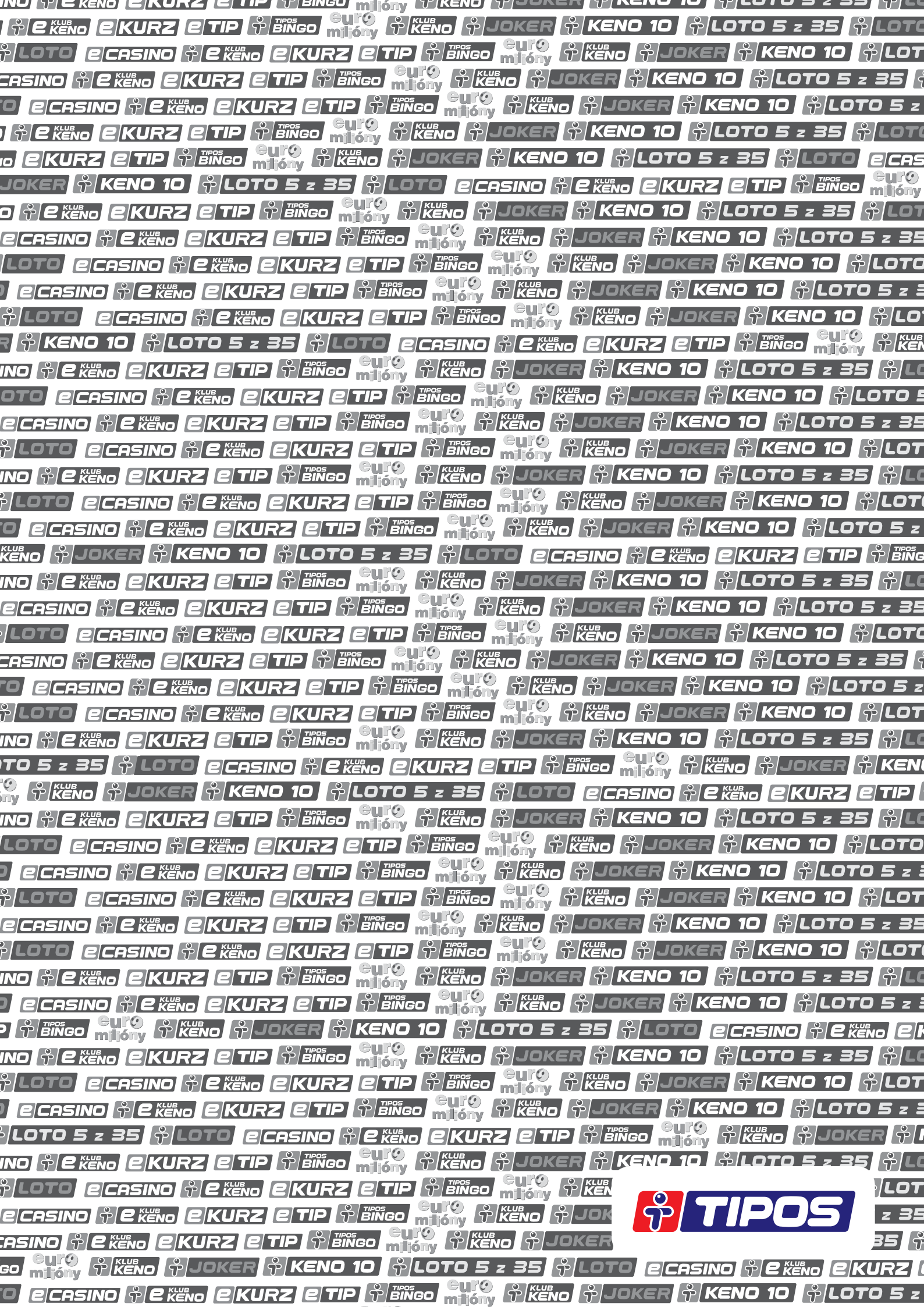


# ANNUAL REPORT

# 2006







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# 1. Basic information about the company

The company TIPOS, Inc. was set up by the establishment contract concluded on 11 December 1992.

The company started its activities on 1 January 1993 with share capital of SKK 4 million. Since 1 September 1994 it has had the only shareholder which is the state, represented by the Ministry of Finance of the Slovak Republic. Since 22 June 2005 the company has had the name TIPOS, national lottery company, Inc. The company has share capital of SKK 11 million comprising of 11 registered shares issued in name with a par value of SKK 1 million.

Registered company name: TIPOS, national lottery company, Inc.

Registered office : Brečtanová ul. č. 1, Bratislava

Incorporation date : 11 December 1992

Identification number: 31340822

The company is registered in the Companies Register of the District Court of Bratislava I, sec. Sa, entry No. 499/B : 28 January 1993

The business activities of the company are as follows:

- intermediation of trade and services,
  - purchase of goods for purpose of selling it to the end user (retail),
  - purchase of goods for purpose of selling it to other operators ( wholesale),
  - promotional activities,
  - business advisory in the extent of free trade,
  - administrative work,
  - organization of trainings, courses and seminars,
  - survey of the market and public opinion,
  - copy work,
  - rent of res mobiles in the extent of free trade,
  - rent of estate property providing others than basic services - supplying activities,
  - rent of machines, devices, equipment and technological units in the extent of free trade,
  - accounting service,
  - activity of organizational, economic and accounting advisors,
- 
- operation of lotteries under the provision § 4 pr. 3 sec. c), d) and e) Act No. 171/2005 Coll. on gambling games the change and amendments of some Acts,
  - operation of internet gambling games under the provision § 3 section 2 letter f) Act No. 171/2005 Coll. on gambling games the change and amendments of some Acts,
  - practice of an entrepreneurial activities related with the operation of gambling games under the provision § 53 section 1 Act No. 171/2005 Coll. on gambling games the change and amendments of some Acts: - participation in the foundation and operation of gambling games under the relevant Act in the trade companies of Slovak Republic , activities of organizational and economic advisors in the field of the gambling games operation under the Act No. 171/2005 Coll. on gambling games the change and amendments of some Acts, providing of mediatory service for companies acting in the gambling games sector.

The company has been doing the main business based on the individual licenses issued by the Ministry of Finance of Slovak Republic to operate:

- state lotteries – number lotteries,
- state lotteries – special bingo TIPOS - BINGO,
- state lotteries – internet gambling games,
- gambling game MOBIL LOTO operating per internet by using telecom device,
- particular issue instant lotteries.

The company has been doing business on Slovak lottery market in the strong competitive environment of fixed-odds betting operators, wining machines, electronic games and video games but as well as casino games and other types of gambling games.

TIPOS, national lottery company, Inc. is the regular member of the World Lottery Association – WLA and the regular member of the European Lotteries – EL.

# 2. Managing Bodies and the Executives of the company

Managing Bodies of the company TIPOS, national lottery company, Inc. are as follows:

## 2.1. General Meeting

is the supreme body of the company. The shareholder rights at the General Meeting are exercised by the statutory body of the Ministry of Finance SR or its accredited agent. The activity and scope of powers of the General Meeting are regulated by the memorandum of the association.

## 2.2. Board of Directors

Board of Directors of the company up to 8 November 2006:

Chairman of the Board of Directors:

Vice Chairman of the Board of Directors:

Members of the Board:

Ing. Stanislav Žiačik

Ing. Ivan Jaroš

Ing. Milan Homola

Ing. Juraj Laurinc

Štefan Dobák

Board of Directors of the company since 8 November 2006:

Chairman of the Board of Directors:

Vice Chairman of the Board of Directors:

Members of the Board:

Ing. Peter Kapusta

Ing. Stanislav Fuňa

Ing. Ivan Litvaj

JUDr. Milan Knop

Ing. Ján Barczy

## 2.3. Supervisory Board

Supervisory Board of the company up to 8 November 2006:

Chairman of the Supervisory Board:

Members:

Ing. Peter Malík

Ján Murgaš

Peter Papanek

Mgr. Miloš Prelec

Ing. Miloslav Marek

Supervisory Board of the company since 8 November 2006:

Chairman of the Supervisory Board:

JUDr. Roman Ožvold

Vice Chairman of the Supervisory Board:

Members:

Ing. Vladimír Štríc

Ing. Tomáš Richter

Mgr. Miloš Prelec

Ing. Miloslav Marek

## 2.4. The Executives

The Executives of the company, according to the memorandum of the association, was composed as follows:

General Director;

IT Division, director

Finance Division, director

Marketing Division, director

Instant Win Lotteries and

Studio Game Division, director

Lottery Operations and Sales Division, director

Fixed-odds betting Division, director

Ing. Stanislav Žiačik, up to 8 Nov 2006

Ing. Peter Kapusta, since 8 Nov 2006

Mgr. Miloš Prelec

Ing. Katarína Janoková

Ing. Viera Krúpová

Mgr. Daša Kubovičová

Ing. Milan Homola

Ing. Ivan Jaroš

# 3. Foreword of the Chairman of the Board of Directors and the General Director

Dear Ladies and Gentlemen,

It is not easy to judge the year 2006 from the new Board of Director's point of view as they started on the 8 November 2006 and were working in the past year a bit longer than one month.

Related to the success the company reached higher revenues which went over SKK 5 billion. We paid out for prizes to our players more than SKK 3.2 billion. This increase was caused mainly by the internet games where the revenues went over SKK 1 billion and internet betting with the revenues of SKK 326 million. Instant lotteries were sold well with the sales increase of 29,5%.

I regret to say that there was a decrease in our traditional game LOTO where the revenues reached only 90 % of the previous year. Obvious product failure was the launch of gambling game MOBIL LOTO per mobile phones which didn't rise any interest and the new management of the company was forced to finish the game immediately.

A decrease in the levy duty toward the state in comparison with 2005 when we levied SKK 589 million I consider being the most significant failure. As the essential purpose of the lottery company is namely to create the effective sources in order to support the good causes – sport, culture, health care, education, charity and so on.

The main task for TIPOS, national lottery company, Inc. in the future will be to meet the levy duties, to support LOTO game and internet games. People are more important for the new management of the company than to race the revenues numbers. That was the reason why we immediately in the new year had to change the organizational structure that will provide flexibility, interconnection among the divisions and their logical organization and it will create new stimulation for workers as well. Surely we will not continue the risky activities as was the acquisition of Sportka Plus Inc. later renamed as TIPKURZ, which produces the loss, we must stop this year. The important task is to solve unsuitable conditions concerning the locality of

workplace of the company on the several places in Bratislava and to create really beneficial partnership with our key suppliers. We also don't neglect the law-suit with company Sportka which was left, like a dangerous nightmare, by the ex-management.

The common factor of our activities is a further development of the company TIPOS, national lottery company, Inc., the content and trust of our players and business partners. I am convinced that we will manage to do so also due to the professional team of our co-workers who I can always rely on and that's why many thanks go to them. I firmly believe that TIPOS's sales outlets will stay in favour with our previous visitors and we will attract new players with better offer of our quality products.



I firmly believe that together with the team of our professional co-workers we will meet our new targets which we set up for 2007 and we will avoid the mistakes from the past.

Ing. Peter Kapusta  
Chairman of the Board of Directors and  
General Director

## 4. Results and selected indicators

The company experienced the second year consecutively more than 30% year-on-year increase in revenues from gambling games and reached in the given year the limit of SKK 5 billion. It was mainly caused by the internet games that's why we can say it was the year of internet gambling games. Even more dynamic was the increase of paid out prizes and it rose to more than SKK 3.2 billion. The sharp rise of the prize volume, as expected, was caused by paid out prizes from internet games and Instant lotteries. The company reached the economic result of SKK 223.5 million after taxation which accounts for 50% growth compared with the previous year.

Selected indicators in SKK ,000	Reality 2006	Reality 2005	abs. +/- 06-05	rel. % 6/05
Revenues from gambling games total	5,026,796	3,807,105	1,219,691	32.0%
Paid out prizes total	3,214,005	2,086,491	1,127,514	54.0%
Levies from gambling games total	589,780	592,213	-2,433	-0.4%
Economic result	223,555	148,307	75,248	50.7%

### 4.1. Gross wagers for gambling games

Total gross wager representing accepted wagers from players into all gambling games of the company in the amount of nearly SKK 5.027 billion proved TIPOS as a leader on the lottery market in Slovak Republic also in 2006.

Gross wager structure In SKK ,000	year 2006	year 2005	abs. +/- 06-05	relat. % 06/05
NUMBER LOTTERIES	3,138,066	3,116,350	21,716	0.7%
LOTO	1,417,538	1,558,987	-141,449	-9.1%
JOKER	102,244	91,935	10,309	11.2%
LOTO 5 z 35	54,983	49,044	5,939	12.1%
EUROMILLIONS	156,223	100,488	55,735	55.5%
KENO 10	674,955	654,763	20,192	3.1%
KLUB KENO	732,122	661,133	70,989	10.7%
Special bingo TIPOS - BINGO	89,195	125,626	-36,431	-29.0%
INTERNET GAMES	1,030,224	3,071	1,027,153	33 446.9%
Internet betting e-KURZ	326,502	220,201	106,301	48.3%
INSTANT LOTTERIES	442,810	341,857	100,953	29.5%



Gross wager structure according to the kinds and types of games shows that 2006 was not the year of "JACKPOT fever" as it was in the previous year. Consequently there was a year-on-year decline in wagers of number lottery LOTO (-9.1%). Despite that the number lotteries together increased slightly (+0.7%) due to mainly both keno games and loto game EURO MILLIONS.

Total gross wager during the year was supported mainly by internet games and instant lotteries.

In number lotteries segment the revenues from KLUB KENO game were growing steadily and KENO 10 slightly and their common wagers exceeded yearly level SKK 1,4 billion. From loto number lotteries except LOTO also revenues from EURO MILLIONS, LOTO 5 from 35, JOKER were rising significantly. Desirable effect of the optimum composition of the type portfolio of number lotteries occurred this way.

Internet games segment was enhanced by introducing the playing modules e-Casino from 23rd week of 2006. This way players were offered to play per internet classic casino games e-Roulette, e-Blackjack, e-Poker and at the end of a year also e-Texas Hold'em Poker as a multi poker game room. Wagers from this block of games in amount of more than SKK 1.020 billion represented over 75% of the wagers from all internet games of the company. Internet betting for sport and social events e-KURZ reported also a significant increase in the revenues (+48%)

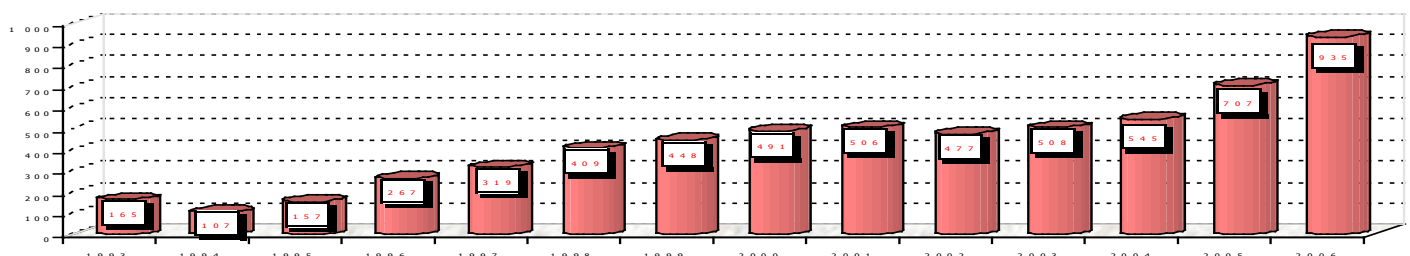
Instant lotteries followed an increasing trend from the last year and with the number of sold tickets (over 30 million pieces) as well as with the volume of game principal they are approaching their most successful years 2000 -2001. In the given year 5 issues of new games were launched. The best of all was the issue of 10 crowns tickets "Pig in rye" with wager volume over SKK 140 million and the issue of 30 crowns ticket "Golden rain" with TV studio game in volume of almost SKK 68 million. Steadily successful was also the issue of "Lucky 7". The high professionalism, regular preparation and projecting of new issues contributed largely to the sale of this gambling game segment and

lower levy duty for scratch tickets enabled to project the games with higher wins. At the same time the offer of bigger number of issues with smaller nominal ticket price proved to be trendy and more medium size wins increase the sale for the target group of this segment. The average purchasing price for one ticket in amount of SKK 15 belongs to the smallest in the history.

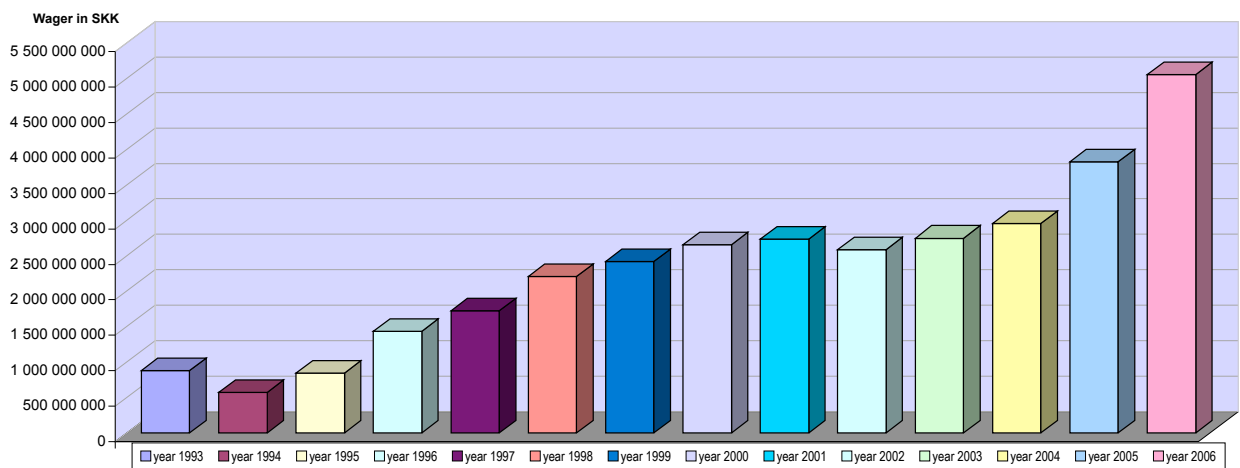
The third year respectively with almost the same rate the wagers of special bingo TIPOS - BINGO are decreasing. Level of wagers this year hasn't reached SKK 90 million what means serious operating risk in terms of the effectiveness of the game with respect to the costs for prizes and regular studio game. The new management had to receive the decision to cancel studio game in 2007.

Significant product failure of the company in 2006 was launching the gambling game MOBIL LOTO in 43rd week. The game was designed as an independent loto lottery with Jackpot possibility and the bets are done per SMS messages by mobile phone by using registration and credit internet portal of the company. Despite unique technology of operating the game didn't rise interest especially due to its high price for making bets and it was finished before the end of the year. The new management of the company was forced to finish the cooperation with the business partner G-System and they tried to minimize the costs from disadvantageous agreement signed by the previous management.

Total yearly average wager per inhabitant into all gambling games of the company reached in 2006 the amount of SKK 934 per inhabitant per year, average number of sold tickets was 5.6 pc. ticket /inhabitant and a year. The development of yearly wagers per inhabitant and a year is shown on the graph:



It is obvious from the overall development of yearly gross wager for gambling games in the history of the company that the wagers of the players into all gambling games has had dynamic growth in the last years which is caused mainly by internet games.



## 4.2. Paid out prizes

Total amount and volume of paid out prizes to players in all gambling games of the company created a record year. There was paid out over 30 million prizes, including studio game prizes and special prizes in total volume of over SKK 3.214 billion during the whole year.

Prize pool structure in SKK ,000	year 2006	year 2005	abs. +,-06-05	relat. % 06/05
NUMBER LOTTERIES	1, 611, 403	1, 641, 876	- 30, 473	-1.9%
Special bingo TIPOS - BINGO	48, 662	71, 615	- 22, 953	-32.1%
INTERNET GAMES	998, 223	2, 345	995, 878	42 468.1%
Internet betting e-KURZ	287, 931	190, 228	97, 703	51.4%
INSTANT LOTTERIES	267, 786	180, 428	87, 358	48.4%

It is clear from the structure of the prize pool that compared with previous year the prizes of number lotteries declined due to number lottery LOTO and smaller wagers. Other loto lotteries and both keno lotteries reported appropriate higher number and volume of paid out prizes in comparison with previous year in the line with expected winnings.

Extraordinary high year-on-year growth of prizes in the segment of internet games caused the sharp rise of wagers in e-Casino games. Games of the whole block reached almost 96.9% of winnings (share of paid out prizes from the wagers) as the most powerful are successful internet games e-Roulette with 97.5% of winnings ( wagers SKK 688 million, prizes SKK 671 million) e-BlackJack with 97.1% of winnings and e-Poker with 96% of winnings. The internet casino games represent the standard rate of winnings resulting from the character of these games. Higher rate of successful winnings compared with the previous year ( about over 2%) was reported by internet betting e- KURZ where the volume of paid out prizes absolutely rose almost about SKK 98 million. In 2006 from the point of high prizes there were as a whole so far 37 prizes higher than SKK 1 million. Out of those there were 11 prizes higher than SKK 10 million. One prize in amount of SKK 29, 372, 794 was not paid out because no winner exercised his right .

The highest prizes in 2006 (over SKK 1 mil.)				
rank	Prize in SKK	game	year	Betting period
1.	65,322,478	LOTO	2006	37 <sup>th</sup> week - Sunday
2.	54,416,962	LOTO	2006	49 <sup>th</sup> week - Wednesday
3.*	29,372,794	LOTO	2006	29 <sup>th</sup> week - Wednesday
4.	27,767,297	LOTO	2006	2 <sup>nd</sup> week - Sunday
5.	26,989,731	LOTO	2006	15 <sup>th</sup> week - Sunday
6.	17,659,312	LOTO	2006	44 <sup>th</sup> week - Sunday
7.	16,849,843	LOTO	2006	2 <sup>nd</sup> week - Wednesday
8.	15,015,877	LOTO	2006	51 <sup>st</sup> week - Sunday
9.	15,015,877	LOTO	2006	51 <sup>st</sup> week - Sunday
10.	10,400,000	GOLD EGG	2006	30 <sup>th</sup> July 2006 - 97. SG
11.	10,144,030	LOTO	2006	11 <sup>th</sup> week - Wednesday
12.	9,048,124	LOTO	2006	48 <sup>th</sup> week - Wednesday
13.	8,945,733	LOTO	2006	6 <sup>th</sup> week - Sunday
14.	7,200,000	GOLD EGG	2006	29 <sup>th</sup> - January
15.	6,759,430	JOKER	2006	22 <sup>nd</sup> week - Wednesday
16.	4,521,480	LOTO	2006	2 <sup>nd</sup> week - Sunday
17.	4,371,896	LOTO	2006	49 <sup>th</sup> week - Wednesday
18.	4,216,674	TIPOS - BINGO	2006	31 <sup>st</sup> week
19.	4,059,668	LOTO	2006	4 <sup>th</sup> week - Wednesday
20.	4,007,915	JOKER	2006	38 <sup>th</sup> week - Sunday
21.	4,000,000	GOLD RAIN	2006	29 <sup>th</sup> October.
22.	4,000,000	KENO 10	2006	23 <sup>rd</sup> April.
23.	3,994,936	LOTO	2006	16 <sup>th</sup> week - Wednesday
24.	2,591,223	LOTO	2006	51 <sup>st</sup> week - Wednesday
25.	2,591,223	LOTO	2006	51 <sup>st</sup> week - Wednesday
26.	2,158,525	JOKER	2006	46 <sup>th</sup> week - Sunday
27.	2,000,000	KENO 10	2006	9 <sup>th</sup> April.
28.	1,807,239	TIPOS - BINGO	2006	4 <sup>th</sup> week
29.	1,579,550	JOKER	2006	50 <sup>th</sup> week - Sunday
30.	1,544,673	TIPOS - BINGO	2006	50 <sup>th</sup> week
31.	1,419,748	LOTO 5 of 35	2006	14 <sup>th</sup> week
32.	1,337,618	LOTO 5 of 35	2006	21 <sup>st</sup> week
33.	1,281,107	LOTO 5 of 35	2006	28 <sup>th</sup> week
34.	1,033,418	TIPOS - BINGO	2006	40 <sup>th</sup> week
35.	1,000,000	KENO 10	2006	13 <sup>th</sup> March
36.	1,000,000	KENO 10	2006	14 <sup>th</sup> October
37.	1,000,000	KENO 10	2006	27 <sup>th</sup> October

\* lapsed prize

Amounts of particular prizes this year however haven't changed the chart of the highest prizes when they took 2, 5, 15 and 19 position. The chart of historically highest prizes looks as follows:

20 historically highest prizes				
rank.	Prize in SKK	game	year	Betting period
1.	90, 297, 864	LOTO	2005	23 <sup>rd</sup> week - Sunday
2.	65, 322, 478	LOTO	2006	37 <sup>th</sup> week - Sunday
3.	64, 696, 874	LOTO	2005	2 <sup>nd</sup> week - Wednesday
4.	59, 997, 480	LOTO	2005	26 <sup>th</sup> week - Sunday
5.	54, 416, 962	LOTO	2006	49 <sup>th</sup> week - Wednesday
6.	43, 966, 706	LOTO	2004	48 <sup>th</sup> week - Sunday
7.	39, 222, 320	LOTO	2003	13 <sup>th</sup> week - Wednesday
8.	38, 722, 065	ŠPORTKA	2001	52 <sup>nd</sup> week - Wednesday
9.	38, 072, 989	ŠPORTKA	1998	45 <sup>th</sup> week
10.	35, 501, 250	LOTO	2003	52 <sup>nd</sup> week - Wednesday
11.	33, 762, 612	ŠPORTKA	2001	23 <sup>rd</sup> week - Wednesday
12.	29, 384, 346	ŠPORTKA	2000	10 <sup>th</sup> week - Sunday
13. *	29, 372, 794	LOTO	2006	29 <sup>th</sup> week - Wednesday
14.	29, 327, 351	LOTO	2002	44 <sup>th</sup> week - Wednesday
15.	27, 767, 297	LOTO	2006	2 <sup>nd</sup> week - Sunday
16.	27, 509, 110	ŠPORTKA	2001	48 <sup>th</sup> week - Sunday
17.	27, 180, 149	LOTO	2002	48 <sup>th</sup> week - Wednesday
18.	27, 115, 408	ŠPORTKA	2001	2 <sup>nd</sup> week - Wednesday
19.	26, 989, 731	LOTO	2006	15 <sup>th</sup> week - Sunday
20.	25, 979, 473	ŠPORTKA	2000	27 <sup>th</sup> week - Wednesday

\* lapsed prize

### 4.3. Levies from gambling games

Total volume of levies from gambling games (as levy duty) to the state budget of Slovak Republic accounts for SKK 589.780 million what represents smaller volume in comparison with 2005 by SKK 2.433 million and TIPOS, national lottery company, Inc. remains the biggest contributor to the state budget out of all lottery operators in Slovakia.

Levy structure from gambling games in SKK, 000	2006	2005	abs. +/- 06-05	relat. % 06/05
NUMBER LOTTERIES	531,488	523,936	7,552	1.4%
Special bingo TIPOS - BINGO	3,571	8,691	-5,120	-58.9%
INTERNET GAMES	8,640	188	8,453	4,505.2%
Internet betting e-KURZ	10,678	8,998	1,680	18.7%
INSTANT LOTTERIES	35,403	50,377	-14,974	-29.7%

Standard number lotteries are the most encumbered and they have the biggest share of the overall levies. Levies from them accounts for 90% out of total levies of the company. There are two main reasons why the overall levies from gambling games despite much higher gross wagers didn't reach the level of the precedent year. While the first half of a year was regulated by original levy duties, the second half by new levy system which sharply declined the levy duty especially for instant lotteries and internet games (levies from the basic difference between wagers and paid out prizes). Internet games and instant lotteries brought the growth of total wagers in 2006 consequently the whole levy is lower which in relative terms accounts for 11.7% share from the whole gross wager of the company. Levy reduction was influenced by smaller wagers in LOTO game by 141 million in comparison with 2005.



# Important events

# 5. The most important company events of a year

Year 2006 brought following important events concerning the activities of the company which influenced its operation on Slovak lottery market in short term and perhaps long term vision:

- January 2006 – The Ministry of Finance SR issued new individual license pursuant to the Act No. 171/2005 Coll. on gambling games the change and amendment of some Acts for the operation of number lotteries, special bingo TIPOS - BINGO, operation of gambling games per internet, related issues of instant lotteries;
- February 2006 – launching new instant lottery – issue of scratch tickets “Pig in rye” nominal value SKK 10, issue volume 14 million pieces of tickets and SKK 140 million;
- February 2006 – launching internet betting for JOKER game;
- March 2006 – introducing changes in the structure of agency fee paid out to the agents from sale of scratch tickets. Agency fee to the agent consists of the percentage of revenue and percentage of paid out prizes volume of given game. First issue with the new system of rewarding is “Heart ace”;
- April 2006 – launching new instant lottery – issue of scratch tickets “Heart ace”, nominal value SKK 20,- issue volume 6 million pieces of tickets and SKK 120 million;
- 16 April 2006 – last drawing for premium period of last year in LOTO game for premium of SKK 30 million, premium was won by 4 prizes in third rank;
- May 2006 – launching the new instant lottery – issue of scratch tickets “Toadstool”, nominal value SKK 20,- issue volume 5 million tickets and SKK 100 million;
- June 2006 – extension of internet games to block “e-Casino” comprising of playing modules; internet Roulette, Blackjack, Poker, winning machines (tree cylinder and five cylinder);
- August 2006 – launching new instant lottery- issue of scratch tickets “Gold rain” with TV studio game, nominal value SKK 30, issue volume 8 million pieces of tickets and SKK 240 million;
- September 2006 – launching new instant lottery- issue of scratch tickets “Pig in rye”, nominal value SKK 10, issue volume 10 million pieces of tickets and SKK 100 million;
- 17 September 2006 – announced new premium game LOTO for SKK 30 million premium;
- October 2006 – launching new instant lottery – issue of scratch tickets “Christmas lottery”, nominal value SKK 100, issue volume 1 million pieces of tickets and SKK 100 million;
- 26 October 2006 – launching gambling game MOBIL LOTO operating per internet by using telecom device. Loto type of game 3/33 and 1/3 enables to make bets per SMS messages by mobile phones with connection to internet credit portal of the company;
- November 2006 – extension of the internet games block “e-Casino” to new playing module “e-Texas Hold’em Poker” (e-THP), as modified card game of poker enabling to play a game among on line internet players;
- December 2006 – finalizing the negotiations and closing the new agreement “CONTRACT ON RENT OF CENTRAL SYSTEM AND ONLINE TERMINAL AND PROVIDING LICENSE FOR RELATED SERVICES” between companies TIPOS, national lottery company, Inc. and GTECH CORPORATION and GTECH GLOBAL SERVICES CORPORATION, LTD. It came in force on 1 January 2006;
- 24 December 2006 – last drawing of premium period announced in September in LOTO game for premium SKK 30 million, premium was won by 2 prizes in third rank.

# 6. Report of the Board of Directors on the Results for 2006

## 6.1. Business Policy

Strategy of business relationships in 2006 was marked by two completely developed and independent technological nets for accepting bets and paying out prizes – net of sales outlets on line per agent contracts with business partners and our own internet sales net. Both technologies are very specific and provide, except unlimited product portfolio of games, for players big choice to participate in gambling games of the company in comfortable, confident, most suitable and secure way.

### 6.1.1. Business network of online sales outlets

In 2006 another phase of widening the number of sales outlets by terminal installation and their approaching to players was completed. At the same time the quality parameters of the particular sales outlets sharply increased from the point of their sales profitability, type structure and optimum localization in the region. It is proved by figures of status indicators of sales network in the table:

Status indicators of business network of online sales outlets	status as of week 52 of 2006	status as of week 52 of 2005
Number of active terminals	1 725	1 697
Number of active sales outlets	1 694	1 667
Number of active agents	1 030	1 003
Terminals with access to KLUB KENO game	1 705	1 268
Terminals with access to ON-LINE TICKETS	1 618	1 600
Terminals with option of recharging telephone card EASY	1 725	1 697
Terminals with option of recharging telephone card PRIMA	1 725	1 697
Terminals with access to FIXED-ODDS BETTING*	406	252

\*Fixed-odds betting are not operated by TIPOS, national lottery company, Inc.,

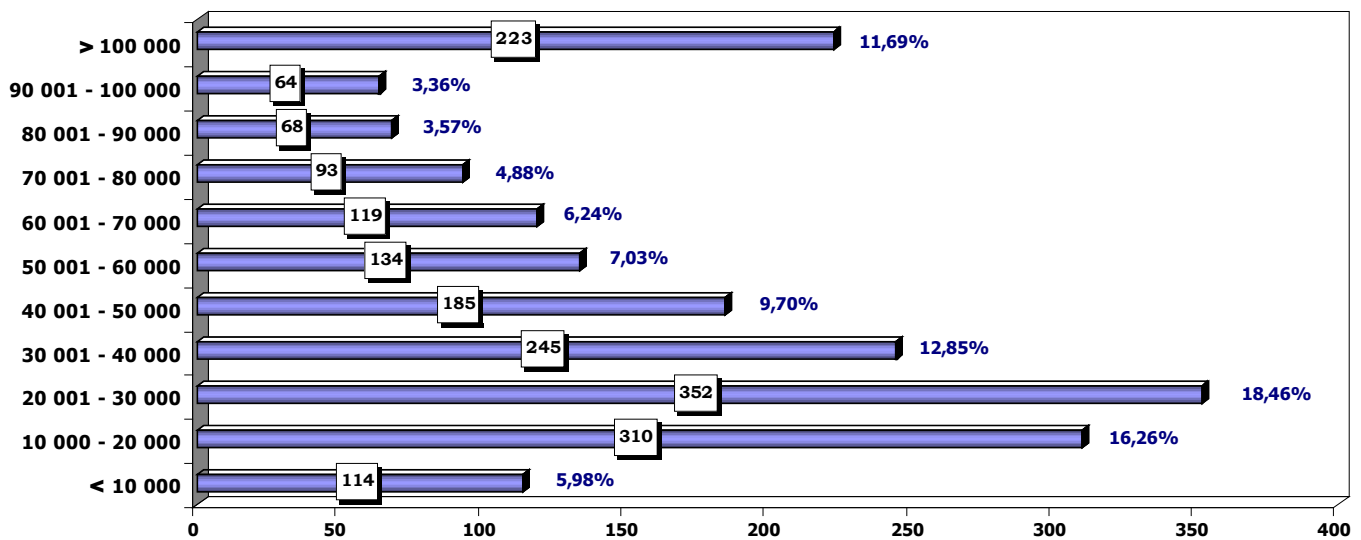
The overall effective activities of sales outlets in 2006 was influenced only by a slight rise of terminals in network (+28), by the growth of revenues especially from keno and instant lotteries as well as by revenues from recharging credits of both mobile operators (non-lottery products). On the other side compared with 2005 the fluctuation of terminals sharply declined and stability of sales outlets rose. It is shown by indicator of number of active terminals (-107) and number of terminal week during a year (+4 200). An average yearly sales per active week and active terminal increased against the previous year by over SKK 5,600. The numbers of terminals with average sales for week more than SKK 100, 000 rose from 160 to 223 and at the same time the number of terminals with low effectiveness dropped by 30.

Balance indicator of business network of online sales outlets	2006	2005
Active terminals in the course of the year	1 725	1 832
Active terminal-week in the course of the year	87 614	83 217
An average sales per active week and active terminal in SKK (products together)	50 807	45 216
Terminals with an average weekly sales SKK 100,000 and more	223	160
Terminals with an average weekly sales SKK 10, 000 and less	114	144

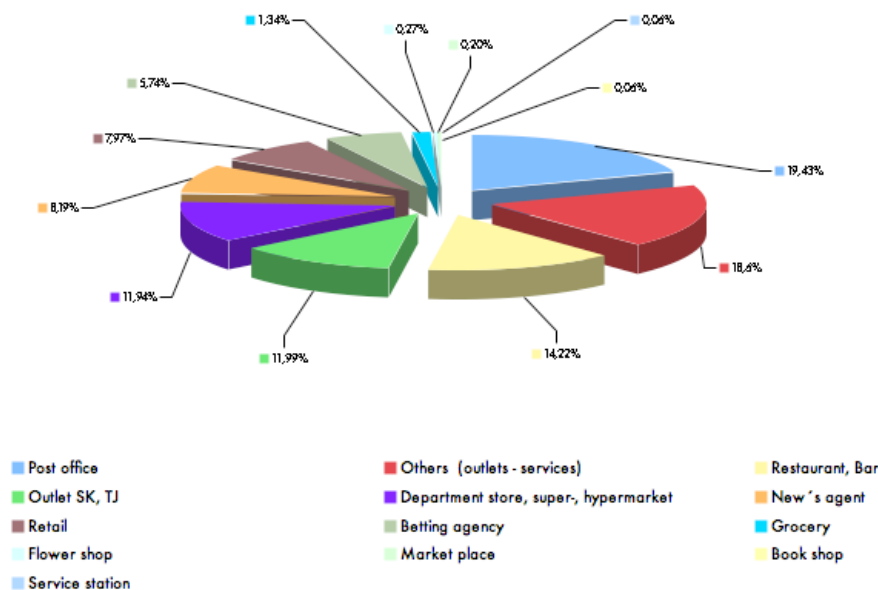
Overall level of quality of online terminal network in sales outlets in Slovakia is shown in following histogram. This year allocation of terminals from the point of average sales together has been from the long term vision the most effective in last six years. This terminal structure has favorable assumption for future stability and effectiveness of sales network.



HISTOGRAM of terminal effectivity 2006  
Number of terminals according to their average weekly sales in SKK



From the type structure point of view concerning the online sales outlets also in 2006 promising trend of diversification of revenues into various types of sales outlets continued. The share of revenues according to the type of sales outlet have been stable from the long term view. Market share of post offices compared to 2005 slightly rose to 19.4% also the share of restaurants and bars rose to 14.2%. The share of department stores, hyper-markets and supermarkets remained stable and the share of typical outlets such as TJ and SK remained at 12% and betting agencies of fixed-odds betting at almost 6%. In comparison with previous years also sales outlets in retail shops, stalls and newsagents are increasing their shares proving the bigger turnover in small towns and villages with number of inhabitants up to 2, 000.



The company had the agency contract concluded with 1, 030 legal entities and natural persons and civil associations at the end of 2006. The number of agents with three and more terminals rose to 66. The share in total online revenues of those agents represented more than 55%. Number of agents who were working during a year with one terminal in one sales outlet is 889 and this number is growing year-on-year which has positive influence from the point of long term diversification of potential business risks. The share of one terminal agent in total revenues accounted for 33% in 2006 and it is still gradually increasing. Agents are constantly interested in possibility to enable the access to KLUB KENO game in their outlets and also the number of online outlets, selling scratch tickets, is growing.

The most important agent and long term business partner operating the online sales outlets is Slovak Post Office, Inc. Banska Bystrica with 336 terminals all over Slovakia. Total revenues of the Slovak Post Office year-on-year rose by SKK 110 million (+14%) due to long term permanent sales outlets as well as due to enabling KLUB KENO game actually at all its terminals. Also this year the Slovak Post Office held 19% share in total online revenues and at the same time it reached over 57% share in total sale of scratch tickets of TIPOS company. Total sales revenues reported growing trend compared to last year at other key agents as well, mainly MACEGA MILOŠ, Ing. M+M (+ 98%), BARCZI, Ltd. (+68%) a V-TIP, Ltd. (+39%). TIPKURZ, Inc. is an exception with a year-on-year drop of sales by more than SKK 33 million (-7%) and KURTHYOVA MAGDALENA with dropping almost SKK 3 million (-5%). LOTOS, Ltd. business partner dropped out of the chart of most important agent as it finalized the agency contract.

Key agents	Number of terminals	Sales products together 2006	Sales products together 2005	Year-on-year 2006 - 2005	
SLOVAK POST OFFICE Inc.	336	896,659,587	786,861,057	109,798,530	114%
FORMULA - tip, Ltd.	84	212,870,934	179,757,860	33,113,074	118%
TIPKURZ, Inc.	50	174,761,404	187,048,174	-12,286,770	93%
GECO TABAK, Ltd.	21	119,496,982	86,589,916	32,907,066	138%
DOMINO L&K, Ltd.	12	81,896,736	73,832,268	8,064,468	111%
V-TIP, Ltd.	10	71,056,685	51,107,069	19,949,616	139%
BARCZI, Ltd.	17	61,059,221	36,318,078	24,741,143	168%
MACEGA MILOŠ, Ing. M+M	11	52,397,230	26,442,236	25,954,994	198%
ŠK MOTOTURISTA KOŠICE	12	49,745,028	48,835,924	909,104	102%
KÜRTHYOVÁ MAGDALÉNA	12	49,340,741	52,157,554	-2,816,813	95%

#### TOP 15 AGENTS ACCORDING TO ANNUAL SALES OF PRODUCTS TOGETHER:

Por.	Agent	Sales products together 2006	Average for active week and terminal	Sales of lottery products 2006	Sales of non-lottery products 2006	Number of active terminals in a year
1.	SLOVAK POST OFFICE, Inc.	896,659,587	51,428	741,413,557	155,246,030	336
2.	FORMULA - tip, Ltd.	212,870,934	49,664	172,808,224	40,062,710	84
3.	TIPKURZ, Inc.	174,761,404	70,287	141,550,554	33,210,850	50
4.	GECO TABAK, Ltd.	119,496,982	115,602	86,846,592	32,650,390	21
5.	DOMINO L&K, Ltd.	81,896,736	132,738	64,596,896	17,299,840	12
6.	V-TIP, Ltd.	71,056,685	138,944	59,068,245	11,988,440	10
7.	BARCZI, Ltd.	61,059,221	72,716	46,183,631	14,875,590	17
8.	MACEGA MILOŠ, Ing. M+M	52,397,230	104,935	38,364,430	14,032,800	11
9.	ŠK MOTOTURISTA KOŠICE	49,745,028	79,720	40,429,808	9,315,220	12
10.	KÜRTHYOVÁ MAGDALÉNA	49,340,741	86,770	39,467,031	9,873,710	12
11.	TOPAS, Ltd.	32,931,292	93,548	22,190,992	10,740,300	7
12.	KSTL 91 BANSKÁ BYSTRICA	32,656,104	81,616	25,556,514	7,099,590	8
13.	TJ DRUŽBA PIEŠŤANY	31,624,589	76,887	27,245,479	4,379,110	8
14.	ŠK KARPATY BRATISLAVA	31,268,531	85,903	23,209,951	8,058,580	7
15.	TJ LOKOMOTÍVA KOŠICE	30,790,320	74,015	26,484,870	4,305,450	8

In 2006 the top of agent chart of average revenue per active terminal and active week was occupied by the agent Tabak land, Ltd. with one active terminal located in sales outlet of newsagent's Toryska 5, OC GALERIA Kosice with weekly revenues almost SKK 197,000. Other positions in the chart are taken by long-life agents with stable and successful sales outlets. So far 63 agents crossed over the limit SKK 100,000 average weekly sales revenue per terminal and year.

TOP 15 AGENTS ACCORDING TO AVERAGE SALES PER ACTIVE WEEK AND ACTIVE TERMINAL:

	AGENT	Average sales for active week and terminal	Sales of products together	Sales of lottery products	Sales of non-lottery products	Number of active terminals in a year
1.	Tabak land, Ltd.	196, 917	10, 239, 691	7, 783, 921	4, 880, 710	1
2.	HORVÁTH Peter	185, 237	4, 816, 156	4,047, 616	6, 809, 250	1
3.	BARUS PETER	177, 877	9, 249, 617	7, 390, 097	3, 052, 420	1
4.	COOP Jednota Námestovo, SD	175, 606	9, 131, 494	4, 250, 784	4, 272, 290	1
5.	TJ AC NITRA	175, 382	18, 239, 681	11, 430, 431	4, 877, 120	2
6.	SCHLEIFER Roland – ROLANDO	165, 224	17, 183, 255	14, 130, 835	1, 913, 840	2
7.	PETTINGEROVÁ IVETA – PLUTO	159, 658,	16, 604, 435	12, 332, 145	1, 727, 770	2
8.	ČAŇOVÁ BEÁTA	156, 129	16, 237, 442	11, 360, 322	2, 348, 420	2
9.	TJ RAPID BRATISLAVA	154, 587	24, 115, 583	22, 201, 743	3, 179, 420	3
10.	AKADEMIK TECHNICKÁ UNIVERZITA	153, 366	15, 950, 025	14, 222, 255	1, 135, 790	2
11.	TJ STROJÁR MALACKY	148, 959	15, 491, 693	13, 143, 273	916, 540	2
12.	GÁNOVSKÝ MICHAL	145, 627	7, 572, 590	4, 393, 170	11, 988, 440	1
13.	FORMULA SP Ltd.	144, 494	7, 529, 890	6, 394, 100	890, 160	2
14.	MŠK KROMPACHY	139, 298	7, 243, 505	6, 326, 965	2, 701, 450	1
15.	V-TIP, Ltd.	138, 944	71, 056, 685	59, 068, 245	1, 072, 850	10

There was no significant change in the first position of the chart in 2006. Apart from the long term stable Post Offices in Liptovský Mikuláš, Prešov, Spišská Nová Ves, Michalovce, Žilina, Rimavská Sobota and Ziar n/H the chart is occupied by the terminals located in hyper-markets and shopping malls of Tesco, Kaufland, Jednota etc.

Por.	Sales outlet	Address	town	Sales products together 2006	From sales of lottery products 2006	Average sales for active week
1.	POST OFFICE 1 LIPTOVSKÝ MIKULÁŠ	M. M. Hodžu 3	Liptovský Mikuláš	15, 335, 715	14, 083, 275	294, 918
2.	OUTLET TIPOS, V-TIP, Ltd.	Panónska cesta 25, HM TESCO	Bratislava 5	15, 003, 201	11, 778, 761	288, 523
3.	OULET TIPOS, DOMINO L&K, Ltd.	Zvolenská cesta 8, HM TESCO	Banská Bystrica	13, 567, 714	12, 381, 424	260, 918
4.	GECO TABAK	Moyzesova ul. OD KAUF LAND	Poprad	13, 285, 043	7, 671, 593	255, 482
5.	OUTLET TIPOS, DOMINO L&K, Ltd.	Kamenné nám. 1, OD TESCO	Bratislava 1	13, 272, 589	9, 703, 529	255, 242
6.	OUTLET TIPOS, V-TIP, Ltd.	Trolejbusová 1, HM TESCO	Košice 1	12, 859, 372	11, 478, 372	257, 187
7.	POST OFFICE 1 PREŠOV	Masarykova 2	Prešov	12, 832, 358	10, 955, 728	246, 776
8.	POST OFFICE 1 SPIŠSKÁ NOVÁ VES	Štefánikovo nám. 7	Spišská Nová Ves	12, 668, 166	10, 308, 506	243, 619
9.	POST OFFICE 1 MICHALOVCE	Štefánikova 1	Michalovce	12, 570, 227	10, 855, 737	241, 735
10.	POST OFFICE 1 ŽILINA	Sládkovičova 14	Žilina	12, 422, 010	10, 395, 260	238, 885
11.	SCHLEIFER ROLAND-ROLANDO	Obchodná 11	Bratislava 1	12, 340, 968	10, 109, 738	237, 326
12.	POST OFFICE 1 RIMAVSKÁ SOBOTA	Jánošíkova 1	Rimavská Sobota	12, 215, 612	11, 288, 372	234, 916

13.	POST OFFICE 1 ŽIAR NAD HRONOM	Nám. Matice slovenskej 17	Žiar nad Hronom	11,328,598	9,784,808	217,858
14.	OUTLET SM TERNO	Bratská 3	Bratislava 5	11,323,152	8,209,072	217,753
15.	STALL PLUTO PETTINGEROVA IVETA	M.R.Štefánika 2158/7	Sereď	11,253,751	8,685,031	216,418

In 2006 from the regional point of view the highest sales revenues were in outlets of most economically powerful localities – Bratislava, Kosice and Nitra regions. The overall annual average sales from lotteries and games of TIPOS through the on line sales outlets ( without Internet) together per one inhabitant accounted for SKK 871 (in 2005-SKK 657). The growth of sales was recorded, with exception of Bratislava region, in all regions of Slovakia, especially in Nitra region.

Region of SR	Sales products together	Out of that lottery sales together for 2006	Lottery sales together for 2005	Lottery sales together +/- 2006/2005	Average lottery sales in SKK per inhabitant for 2006
Bratislavský	836,994,127	665,933,637	673,017,135	-7,083,498	1,103
Trnavský	591,149,861	463,766,631	439,336,294	24,430,337	837
Trenčiansky	487,515,487	372,919,837	367,843,277	5,076,560	610
Nitriansky	624,609,643	476,470,603	451,544,206	24,926,397	665
Žilinský	490,575,901	371,722,121	361,016,908	10,705,213	533
Banskobystrický	535,332,355	417,225,625	396,672,914	20,552,711	626
Prešovský	523,615,424	388,910,514	378,534,444	10,376,070	489
Košický	625,861,715	497,341,865	490,455,553	6,886,312	646

The list of the strongest districts according to the sales per inhabitant and a year is shown in the following chart. Also this regional allocation of sales is perceptively stable taking into account the whole economic power and income level of the inhabitants from given districts.

District	Average sales together per inhabitant and a year	Sales products together	Out of that lottery sales together	Out of that non-lottery sales together	Number of active terminals in a year
District Bratislava I	2,256	101,508,276	80,110,316	21,397,960	33
District Košice I	2,252	155,378,919	130,300,119	25,078,800	38
District Bratislava III	1,846	114,452,196	90,557,006	23,895,190	34
District Bratislava II	1,748	190,568,171	156,148,791	34,419,380	54
District Galanta	1,339	127,188,853	98,611,583	28,577,270	54
District Dunajská Streda	1,327	149,932,370	114,988,420	34,943,950	52
District Malacky	1,315	85,493,187	67,210,807	18,282,380	33
District Piešťany	1,209	77,353,532	65,251,942	12,101,590	26

### 6.1.2. Internet business network

The company offered alongside online terminal network also the possibility to make bets per Internet. That is available for all players having access to Internet and meet legal conditions for participation in gambling games and keep the game rules.

Per Internet it is possible to make bets of number lotteries LOTO, JOKER, LOTO 5/35, KENO10 and EURO MILLIONS while a bet made per Internet equals a bet made in online terminal network.

In addition it is possible to make bets in the game room e-Kurz i.e. Internet betting for sport and social events in e-Casino which consists of e-Roulette, e-Blackjack, e-Poker, three and five cylinder winning machine and e-Texas Hold'em Poker and also in game room Tipclub.

## 6.2. Personnel and Social Policy

As of 31 December 2006 the company had 98 employees, as of 31 December 2005 there were 96 employees. Since 1st January 2006 13 employees were recruited on full time basis, 10 employees terminated their employment in 2006. The average number of employees for 2006 was 97 employees.

Similarly as in 2005 also in 2006 the company continued to improve the qualification of its employees. On the base of approved plan of education there were trainings for the top and middle management, training for the employees of regional centers, language education for volunteers of TIPOS, national lottery company, Inc. and professional trainings especially in the field of economy

Regarding to the social policy the company proceeded according to the approved budget for social fund for 2006. The social fund went mainly to additional pension insurance, to catering of the employees and holiday contribution.

During 2006 there were some social events with motivating and friendly character such as participation in the Sport Games of the Company, in Slovak Firm Games and mutual Christmas program with social party.

## 6.3. Sponsoring and Charity

Sponsoring activities of the TIPOS company were conformed to the company vision and to our values. The values of the TIPOS company are honesty, reliability, punctuality. We intend to support good sport, cultural and charity events. Apart the regular levies from gambling games to the state, the company TIPOS supported per sponsorship 95 projects in the area of sport, education, health care and culture in the amount of SKK 8, 185, 000. In sport it was LOTO CUP which was supported by the company TIPOS as the main partner of the event. A-category hockey teams take part regularly at this sport event. We also contributed to other significant sport events: we supported our tennis players in National Tennis Center in Bratislava, 50<sup>th</sup> year International cyclist race around Slovakia, yet 51<sup>st</sup> year of Great Slovak Prize. 'Banskobystrika latka' athlete competition associates with the name of the TIPOS company as well welcoming the top world high jumpers. TIPOS supported International Championship of Slovakia in wild water canoeing SLOVAK OPEN 2006 taking place in Bratislava Cunovo.

In the frame of charity we gave money into our most important charity project We Erase the Differences that we have been cooperating with the Foundation for the children of Slovakia so far since 2003. TIPOS participates in this program as a subject giving money to organizations working with disabled children and young people or long-time ill children. The Foundation for the children of Slovakia guaranties the transparent and effective implementation of the financial means. From selected issue tickets the TIPOS company has already contributed to the grant program We Erase the Differences with the amount of SKK 3, 300, 000. The company TIPOS supported per sponsoring other good charity projects as well. We became a sponsor of Autistic Center Andreas which helps children with autistic syndrome. The aim of the organization is to improve bad situation of people suffering from this illness and to built the center providing all their needs.

TIPOS contributed to support the activities of the Fund against Drugs which collects and gives money to the drug prevention and for treatment and help addicted people.

In the sphere of culture TIPOS supports interesting cultural projects with mainly social meaning. Our company has become the main partner of the successful theatre performance "7 main sins" by Radosina Naive Theatre. TIPOS also supported the formation of new cultural institution Middle European Photography House as a center concentrating to the art of photography. The company TIPOS supported publishing of books editing in the "Gold Fund of Slovak Fine Art". The particular result is a book about the masterpieces of well known Slovak painter Martin Benka. TIPOS regularly sponsors Folk Festival under Polana, international festival of songs, folk culture, folk groups and ensembles of Slovakia and Slovaks living abroad. In 2006 there was 41<sup>st</sup> year of this event which belongs to the biggest and most famous folk culture events in Slovakia. TIPOS gave money to help organize IX. year of social occasion such as Crystal Wing where the most important people of Slovakia in the area of music, theatre and film, medicine and science, journalism and literature, economy, fine art and architecture were awarded by a special prize.

## 6.4. International Cooperation

In 2006 TIPOS, national lottery company, Inc. focused its attention to present themselves as a dynamic and developing modern company. The company took active part in the happenings on the international scene by cooperation with European lotteries to annotate the EU directives and by work in European and World Lottery Association taking part in common development of gambling game market. The key event of the last year was accepting the EU directive on services at inner EU market which excluded from its scope the gambling games that's why the European lottery companies managed to prevent the liberalization of gambling games market. This attitude was held by the company in the line with other members of European Lottery Association during all legislative procedures.

Staff of the TIPOS company took part in seminars and meetings organized by World Lottery Association ( WLA) and European Lottery Association (EL) also in 2006. The most important was marketing seminar EL/WLA in London, World Forum in Mexico, Congress and General Meeting of EL in Bucurest, seminar about interactive playing in Lublana, Euro meeting in Paris.



# Financial Results

## 6.5. Financial Results for 2006

The revenues of the company accounts for SKK 5, 153, 945, 000 in comparison with figures from 2005 that means 33.32% overrun of revenues and 42.94 overrun of expected revenues for 2006.

Sales from gambling games represent 97.53% out of total revenues of the company. In 2006 they reached a level of SKK 5, 026, 796, 000 what is an increase of 32.04% on the figure from 2005 and this growth is mainly caused by the new products of internet games. At the same time the company kept the pace of growth with all gambling games in the expected way regarding especially state number lotteries as well as instant lotteries.

The costs of the company in the amount of SKK 4, 874, 441,000 grew by 32.37% compared with 2005. In total an increase of SKK 1, 192, 096,000 on the figure from 2005 represents mainly an increase of costs for prizes by 1, 157, 730,000 (97% of overall increase of the costs in 2006). The company paid out for prizes SKK 3, 218, 535,000 which represents so far 66% from total costs of the company. The highest prizes were paid out in LOTO game in the amount of SKK 65.322 million and SKK 54.417 million. Higher prizes are influenced either by announced special premiums in terms of game menu or still increasing share of Internet gambling games within total gambling games.

The second biggest items of the costs are levies from gambling games. The company settled the levies of SKK 589.781 million which represents 12% of total costs.

Further costs relating to the operation of the games (services for online processing of number lotteries, special bingo and instant lotteries, rewards for services related to running of gambling games and other direct costs) represent 18% of the overall costs.

The economic result of the company – profit in the amount of SKK 223.555 million. The financial situation of the company is good. The company settled all levy duties against the state, levies from gambles, income tax of dependent activity, income tax of legal entities, deductive tax, VAT tax, insurance and other duties pursuant to the law in time. In similar way all commitments against winners, suppliers, employees and shareholders were fulfilled. The liquidity indicators prove that the company is solvent, financially independent and without loan burden.

The company assets rose by SKK 181.961 million. Non-current assets increased by SKK 17.339 million current assets increased by SKK 169.859 million with the greatest growth recorded in financial accounts. Acquisition of long term assets was done in the amount of SKK 41.279 million.

Net assets and liabilities during 2006 reported following changes:

Net assets compared with 2005 increased by SKK 155.385 million and was influenced mainly by the economic result of 2006 and by dividing the economic result of 2005 in terms of shareholder decision.

Liabilities (including reserves) rose by SKK 3.574 million out of that reserves decreased by SKK 7.792 million and short term liabilities increased by SKK 11.560 million.

In 2006 the company shared capital interests in the following companies:

TIPKURZ, Inc. share of basic capital 100%, in the amount of SKK 23.218 million.

CASINOS SLOVAKIA, Inc. share of basic capital 51,32 %, in the amount of SKK 35.412 million,  
CASINO SLIAC SLOVAKIA, Inc. in liquidation with share of basic capital 51 %, in the amount of SKK 8.874 million with an adjusting entry of 8.874 million.  
Kasíno Inovec, Ltd., with a share of 10%

Long term financial assets in net accounts for SKK 68.630 million. In comparison with 2005 there were no changes.



## 6. 6. Balance Sheet

Designation	ASSETS	Line number	Current accounting period			Preceding accounting period
			Gross 1	Correction 2	Net 3	Net 4
a	b	c				
	Total assets lines. 002 + r. 003 + r. 032 + r. 062	001	1 041 741	174 014	867 727	685 766
A.	Receivables related to unpaid share capital (353)	002				
B.	Non-current assets lines 004 + r. 013 + r. 023	003	361 505	156 355	205 150	187 811
B.I.	Non-current intangible assets total (lines 005 to 012)	004	71 591	33 273	38 318	21 934
B.I.1.	Incorporation expenses (011)-/071,091A/	005				
2.	Capitalize development costs(012) - /072, 091A/	006				
3.	Software (013)-/073, 091A/	007	38 016	23 907	14 109	12 519
4.	Valuable rights (014)-/074, 091A/	008	2 127	788	1 339	1 835
5.	Goodwill (015) - /075, 091A/	009				
6.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	010				
7.	Acquisition of non-current intangible assets (041) - 093	011	31 448	8 578	22 870	7 580
8.	Advanced payments made for non-current intangible assets (051) - 095A	012				
B.II.	Tangible assets total ( lines 014 to 022)	013	210 910	112 708	98 202	97 247
B.II.1.	land (031)-092A	014	9 557		9 557	9 557
2.	Structures (021) - /081, 092A/	015	80 451	29 113	51 338	54 728
3.	Individual movable assets and sets of movable assets(022)-/082, 092A/	016	106 643	82 123	24 520	22 746
4.	Perennial crops (025)-/085, 092A/	017				
5.	Livestock (026)-/086,092A/	018				
6.	Other tangible assets (029, 02X, 032)-/089, 08X, 092A/	019	10 677	1 472	9 205	8 132
7.	Acquisition of tangible assets (042)-094	020	3 582		3 582	2 084
8.	Advance payments made for tangible assets (052)- 095A	021				
9.	Value adjustment to acquired assets (+/- 097) +/- 098	022				
B.III.	Non-current financial assets total (lines 024 to 031)	023	79 004	10 374	68 630	68 630
B.III.1.	Shares and powership interests in a controlled entity (061) - 096A	024	67 504	8 874	58 630	58 630
2.	Shares and powership interests with significant influence over enterprises (062) - 096A	025				
3.	Other long term shares and powership interests (063, 065)-096A	026	1 500	1 500		
4.	Intracompany loans (066A) - 096A	027	10 000		10 000	10 000
5.	Other non-current financial assets (067A, 069, 06XA) - 096A	028				
6.	Loans with maturity up to one year (066A, 067A, 06XA) - 096A	029				
7.	Acquisition of non-current financial assets (043) - 096A	030				

8.	Advance payments made on non-current financial assets (053) - 095A	031				
C.	Current assets lines 033 + . 041 + . 048 + . 056	032	651 546	17 659	633 887	464 028
C.I.	Inventory total (lines 034 to 040)	033	11 417	4 054	7 363	4 828
C.I.1.	Raw material (112, 119, 11X) - /191, 19X/	034	11 417	4 054	7 363	4 828
2.	Work in progress and semi-finished goods (121, 122, 12X) - /192, 193, 19X/	035				
3.	Construction contracts where the expected time of completion exceeds one year 12X - 192A	036				
4.	Finished goods (123)-194	037				
5.	Animals (124) - 195	038				
6.	Merchandise (132, 13X, 139) - /196, 19X/	039				
7.	Advance payments made for inventory (314A) - 391A	040				
C.II.	Non-current receivable total (lines 042 to 047)	041	8 459	2 028	6 431	6 975
C.II.1.	Trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - 391A	042	2 348	2 028	320	447
2.	Receivables from a controlled entity and a controlling entity (351A) - 391A	043				
3.	Other intercompany receivables(351A0- 391A	044				
4.	Receivables from participants, members and associations (354A, 355A, 358A, 35XA) - 391A	045	63		63	63
5.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - 391A	046				
6.	Deferred tax assets (481A)	047	6 048		6 048	6 465
C.III.	Current receivables total (lines 049 to 055)	048	126 106	11 577	114 529	80 526
C.III.1.	Trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - 391A	049	125 554	11 577	113 977	80 009
2.	Receivables from a controlled entity and a controlling entity (351A) - 391A	050				
3.	Other intercompany receivables (351A) - 391A	051				
4.	Receivables from participants, membes and associations (354A, 355A, 358A, 35XA) - 391A	052				
5.	Social security (336) - 391A	053				
6.	Tax assets (341, 342, 343, 345) - 391A	054				306
7.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - 391A	055	552		552	211
C.IV.	Financial accounts total (lines. 057 to. 061)	056	505 564		505 564	371 699
C.IV.1.	Cash on hand (211, 213, 21X)	057	2 489		2 489	2 283
2.	Bank accounts (221A, 22X +/- 261)	058	503 075		503 075	369 416
3.	Bank accounts with notice period exceeding one year 22XA	059				
4.	Current financial assets (251, 253, 256, 257, 25X) - /291, 29X)	060				
5.	Acquisition of current financial assets (259) - 291	061				
D.	Accruals/ deferrals lines 063 and 064	062	28 690		28 690	33 927
D.1.	Prepaid expense (381, 382)	063	28 359		28 359	33 927
2.	Accrued income (385)	064	331		331	
	Control number total (lines 001 to 064)	888	4 138 274	696 056	3 442 218	2 709 137

Designation	Liabilities	line number	Current accounting period	Preceding accounting period
a	b	c	5	6
	Total equity and liabilities lines.066 + .086 + 116	065	867 727	685 766
A.	Equity lines 067 + 071 + 078 + 082 + 085	066	400 087	244 702
A.I.	Share capital total (lines 068 to 070)	067	11 000	11 000
A.I.1.	Share capital (411 +/- 491)	068	11 000	11 000
2.	Own shares and ownership interests (/-/ 252)	069		
3.	Change in share capital +/- 419	070		
A.II.	Capital funds total(lines 072 to 077)	071	500	500
A.II.1.	Shares premium (412)	072		
2.	Other capital funds (413)	073		0
3.	legal reserve fund (non-distributive fund) from capital cotributions (417, 418)	074	500	500
4.	Differences from revaluation of assets and liabilities (+/- 414)	075		
5.	Investment revaluation revenues (+/- 415)	076		
6.	Differences from revaluation at merger or divestiture (+/- 416)	077		
A.III.	Funds created from profit- total lines (079 to 081)	078	112 285	72 285
A.III.1.	Legal resrve fund (421)	079	42 285	42 285
2.	Non-distributable fund(422)	080		
3.	Statutory funds and other funds(423, 427, 42X)	081	70 000	30 000
A.IV.	Net profit/ loss of previous years lines 083 and 084	082	52 747	12 610
A.IV.1.	Retained earnings from previous years (428)	083	52 747	12 610
2.	Acumullated losses from previous years (/-/429)	084		
A.V.	Net profit / loss for the accounting period /+/-/ lines 001 - (. 067 + . 071 + . 078 + 082 + 086 + 116)	085	223 555	148 307
B.	Liabilities lines 87 + . 91 + 102 + 112	086	305 018	301 444
B.I.	Provisions - total (lines 088 to 090)	087	179 111	186 903
B.I.1.	legal provisions (451A)	088		
2.	Other long term provisions(459A, 45XA)	089		
3.	Short term provisions (323, 32X, 451A, 459A, 45XA)	090	179 111	186 903
B.II.	Non-current liabilities - total (lines 092 to 101)	091	470	664
B.II.1.	Non-current trade liabilities (479A)	092		
2.	Unbilled long term supplies (476A)	093		
3.	Non-current liabilities to a cotrolled entity and a cotrolling entity (471A)	094		
4.	Other non-current intercompany liabilities (471A)	095		
5.	Long-term advance payments received (475A)	096		
6.	Long-term bills of exchange to be paid (478A)	097		
7.	Bond issued (473A/-/255A)	098		
8.	Liabilities related to social fund (472)	099	470	664
9.	Other non-current liabilities (474A, 479A, 47XA, 372A, 373A, 377A)	100		
10.	Deferred tax liability (481A)	101		
B.III.	Current liabilities - total (lines 103 to 111)	102	125 437	113 877
B.III.1.	Trade liabilities (321, 322, 324, 325, 32X, 475A, 478A, 479A, 47XA)	103	45 348	54 030
2.	Unbilled supplies (326, 476A)	104	3 627	46

3.	Liabilities to a controlled entity and a controlling entity (361A, 471A)	105		
4.	Other intercompany liabilities(361A, 36XA, 471A, 47XA)	106		
5.	Liabilities to partners and associations (364, 365, 366, 367, 368, 398A, 478A, 479A)	107		
6.	Liabilities to employees(331, 333, 33X, 479A)	108	1 661	1 974
7.	Liabilities related to social security (336, 479A)	109	1 815	1 075
8.	Tax liabilities and subsidies(341, 342, 343, 345, 346, 347, 34X)	110	21 416	21 069
9.	Other liabilities (372A, 373A, 377A, 379A, 474A, 479A, 47X)	111	51 570	35 683
B.IV.	Bank loans and assistance - total (lines 113 to 115)	112	0	0
B.IV.1.	Long-term bank loans (461A, 46XA)	113		
2.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	114		
3.	Short-term financial assistance (241, 249, 24X, 473A,-/-/255A)	115		
C.	Accruals and deferrals - total(lines 117 and 118)	116	162 622	139 620
C.1.	Accrued expenses (383)	117	152 581	123 442
2.	Deferred income (384)	118	10 041	16 178
	Control number total (lines 065 to 118)	999	3 084 731	2 455 137

## 6. 7. Profit and loss account

Designation	Text	Line number	Actual data	
			Current accounting period	Preceding accounting period
a	b	c	1	2
I.	Revenues from the sale of merchandise (604)	01		
A.	Cost of merchandise sold (604)	02		
+	Trade margin lines 01-02	03		
II.	Production lines. 05 + 06 + 07	04	5 085 072	3 834 001
II.1.	Revenues from the sale of own products and services (601, 602)	05	5 085 072	3 834 001
	2. Changes in internal inventory (+/- account group 61)	06		
	3. Own work capitalized (account group 62)	07		
B.	Production lines. 09 + 10	08	939 461	896 335
B.1.	Consumed raw materials, energy consumption and consumption of other non-inventory supplies (501, 502, 503)	09	28 097	40 900
	2. Services (account group 51)	10	911 364	855 435
+	Value added lines 03 + 04 - 08	11	4 145 611	2 937 666
C.	Personnel expenses- total (lines 13 to 16)	12	51 240	43 739
C.1.	Wages and salaries (521, 522)	13	35 846	30 712
	2. Remuneration of board members of company or cooperative (523)	14	3 038	2 295
	3. Social security expenses (524, 525, 526)	15	11 166	9 620
	4. Social expenses (527, 528)	16	1 190	1 112
D.	Taxes and fees (account group 53)	17	590 501	613 153
E.	Amortization of non-current intangible assets and depreciation of non-current tangible assets (551)	18	23 269	21 465
III.	Revenues from the sale of non-current assets and raw materials (641, 642)	19	1 699	972
F.	Carrying value of non-current assets and raw materials sold (541, 542)	20	361	
IV.	Use and reversal of provisions against operating income and accounting for complex deferred expenses (652, 654, 655)	21	26 577	5 027
G.	Creation of provisions for operation and accounting for complex deferred expenses (552, 554, 555)	22	18 785	26 577
V.	Use and reversal of value adjustment against income (657, 658, 659)	23	298	367
H.	Creation of value adjustment against operating expenses (557, 558, 559)	24	15 741	3 094
VI.	Other operating income (644, 645, 646, 648)	25	9 649	2 812
I.	Other operating expenses (543 až 546, 548, 549)	26	3 228 982	2 071 348
VII.	Transfer of operating income (-) (697)	27		
J.	Transfer of operating expenses(-) (597)	28		
*	Profit/loss of operation 11- 12- 17- 18 + 19- 20 + 21 - 22 + 23 - 24 +. 25 - 26 + (- 27) - (- 28)	29	254 955	167 468
VIII.	Revenues from the sale of securities and shares (661)	30		
K.	Securities and shares sold (561)	31		

IX.	Income from non-current financial assets lines . 33 + r 34 + 35	32	12 551	15 740
IX.1.	Income from securities and ownership interests in a controlled entity and in a company where significant influence is held (665A)	33	12 069	15 740
2.	Income from other long-term securities and shares (665A)	34		
3.	Income from other non-current financial assets (665A)	35	482	
X.	Income from current financial assets (666)	36		
L.	Expenses related to current financial assets (566)	37		
XI.	Gains on revaluation of securities and income from derivative transaction (664, 667)	38		
M.	Loss on revaluation of securities and expenses related to derivative transactions(564, 567)	39		
XII.	Interest income (662)	40	14 849	5 998
N.	Interest expenses (562)	41		
XIII.	Exchange rate gains (663)	42	3 251	858
O.	Exchange rate losses (563)	43	2 402	3 993
XIV.	Other income from financial activities (668)	44		
P.	Other expenses from financial activities (568, 569)	45	3 699	2 640
XV.	Use and reversal of provisions against income from financial activities (674)	46		
Q.	Creation of provisions for financial activities (574)	47		
XVI.	Use and reversal of value adjustment against income from financial activities(679)	48		
R.	Creation of value adjustment against expenses related to financial activities (579)	49		
XVII.	Transfer of financial income (-) (698)	50		
S.	Transfer of financial expenses (-) (598)	51		
*	Profit / loss from financial activities lines . 30 - . 31 + . 32 + 36 - 37 + 38 - 39 + 40 - 41 + 42 - 43 + 44 - 45 + . 46 - . 47 + 48 - 49 + (- 50) - (- 51)	52	24 550	15 963
T.	Income tax on ordinary activities lines. 54 + . 55	53	55 950	35 124
T.1.	- current (591, 595)	54	55 533	39 463
2.	- deferred (+/- 592)	55	417	-4 339
**	Profit / loss from ordinary activities lines . 29 + r 52 - 53	56	223 555	148 307
XVIII.	Extraordinary income (account group 68)	57		
U.	Extraordinary expenses (account group 58)	58		
V.	Income tax on extraordinary activities lines 60 + 61	59		
V.1.	- current (593)	60		
2.	- deferred (+/- 594)	61		
*	Profit / loss from extraordinary activities lines 57 - 58 - 59	62	0	0
Z.	Transfer of net profit / net loss shares to partners (+/- 596)	63		
***	Profit / loss for the accounting period lines (+/-) 56 + 62 - 63	64	223 555	148 307
	Control number (total lines 01 to 64)	99	21 100 837	15 825 893



# Financial statements notes

## 6.8. Financial statements notes as of 31 December 2006

### BASIC INFORMATION

Registered name and office of the company:

Registered name: TIPOS, national lottery company, Inc.  
Registered office: Brečtanova st. No. 1, Bratislava  
Incorporation date: 11 December 1992  
Registration date into the Companies Register of the District Court Bratislava I, sec. :Sa,  
file No. 499/B: 28 January 1993  
Identification number: 31340822

Prime business activities of the company according to the excerpt from the Companies Register:

- operation of gambling games pursuant to the Act No. 171/2005 Coll. on gambling games, the change and amendments of some Acts,
- purchase of goods for purpose of selling it to the end user ( retail, wholesale),
- intermediation of trade and service,
- promotional activities,
- business advisory in the extent of free trade,
- administrative work, organization of trainings and seminars,
- survey of public opinion,
- rent of res mobiles in the extent of free trade,
- rent of real estate relating to providing other than basic services – intermediary service,
- rent of machines, devices, equipment and technological units in the extent of free trade,
- accounting service,
- activity of organizational, economic and accounting advisors,
- business activities relating to operation of gambling games.

The company is unlimited liable partner of the company TIPKURZ, Inc., Brečtanova 1, 830 07 Bratislava.

Average number of employees

In 2006 the company had in average 97 employees, out of those there were 8 managers. As of 31 December 2006 98 employees are registered.

Legal reason for compiling the financial statements

The financial statements of the company as of 31 December 2006 is compiled as a regular annual financial statements in line with § 17 par. 6 of the National Council Act No. 431/2002 Coll. on accounting (further only 'Act on accounting") for accounting period from 1 January 2006 to 31 December 2006.

Date of approval of the financial statements for previous accounting period

The financial statements of the company for previous accounting period were approved by the General Meeting on 12 April 2006.



# Company Bodies and the Shareholder

## Company Bodies

Board of Directors up to 8 Nov. 2006: Ing. Stanislav Žiačik – the Chairman of the Board and General Director, Ing. Ivan Jaroš – Vice Chairman of the Board, Ing. Milan Homola - member, Ing. Juraj Laurinc - member, Štefan Dobák – member

Board of Directors since 8 Nov. 2006: Ing. Peter Kapusta – the Chairman of the Board and General Director, Ing. Stanislav Fuňa – Vice Chairman of the Board, Ing. Ivan Litvaj – member, JUDr. Milan Knop – member, Ing. Ján Barczi – member

Supervisory Board up to 8 Nov. 2006: Ing. Peter Malík - the Chairman, Ján Murgaš - member, Peter Papanek – member, Ing. Miloš Prelec – member, Ing. Miloslav Marek – member

Supervisory Board since 8 No. 2006: JUDr. Roman Ožvold – the Chairman, Mgr. Miloš Prelec – member, Ing. Miloslav Marek – member, Ing. Vladimír Štric – member, Ing. Tomáš Richter - member

## The Company Shareholder

Slovak Republic represented by the Ministry of Finance of SR, Štefanovičova 5, Bratislava.

100% share in the share capital

The share capital of the company: SKK 11, 000, 000.

## CONSOLIDATED UNIT

The company is included into consolidated financial statements of the company TIPOS, national lottery company, Inc. that is part of the consolidated financial statements of TIPOS group. The consolidated financial statements of the group are compiled by the company TIPOS, national lottery company, Inc.

The consolidated financial statements are archived in the Companies Register of the District Court of Bratislava I

## ACCOUNTING PRINCIPLES AND METHODS

### a) Sources for compiling the financial statements

The financial statements of the company were compiled on the basis that the company will continue its activities pursuant to the Act on accounting with relating accounting procedures valid in Slovak Republic. Accounting principles and methods were applied by the company consistently with the previous accounting period.

### b) Non-current intangible and tangible assets

Non-current intangible assets procured by purchase are appraised at the acquisition price which contains the purchase and relating costs ( customs duty, transport, installation, incurrence etc.)

The value of purchased non-current tangible assets, which is being used, is reduced by the adjusting entries corresponding with deterioration.

Non-current intangible assets are depreciated according to the amortization plan which was completed upon the assumed time of its usage. Depreciation begins the first day of the month when the property starts being used. Non-current intangible assets with purchasing price SKK 50, 000 and smaller were not classed among the non-current tangible assets and they are registered in the account 518 - Other Services.

The adjusting entry in the amount of SKK 8, 577,000 was created with an unregistered software considering its expected discard from the account of purchased intangible assets in next years.

Expected period of usage, depreciation method and depreciation rates are given in the following table:

	Expected period of usage in years	Depreciation method	Annual depreciation rate in %
Software	2 - 4	linear	50 - 25
Valuable rights (licenses)	4 - 5	linear	25 - 20

Non-current tangible assets are depreciated according to the amortization plan which was compiled upon expected period of their usage and expected deterioration. Depreciation begins from the first day of the following month when the property starts being used. The non-current tangible assets with purchasing price SKK 30, 000 and smaller are classed into the inventory and their allocation for use was accounted directly into consumption items. They are still registered in operative records of the user program "assets" (§ 13 sub. 7 Provision of the Ministry of Finance No. 23054/2002-92-Accounting procedures.)

Expected period of usage , depreciation method and depreciation rates are given in the following table:

	Expected period of usage	Depreciation method	Annual depreciation rate in %
Buildings	40	linear	2,5
Separate tangible assets			
Machines, devices and equipment	4	linear	25
Means of transport	4	linear	25
Inventory	6	linear	16,7

Based on professional estimation of the market price of the real estate ( building) on Brectanova 1, Bratislava, which was made by the 1st National Auction Company, ltd. and on the base of Expert opinion No. 24/2004 done by the construction expert the company accounted on this adjusting entry the amount of SKK 10,000,000 in 2003. In 2005 this adjusting entry remains in the registration, as no circumstances are known that will lead to its reduction or cancellation.

### c) Securities and Shares

Securities and shares are appraised at the acquisition by purchasing prices i.e. including related purchase costs.

In current year the company didn't create an adjusting entry to the long term financial assets. In 2006 we register an adjusting entry to financial assets which is represented by TIPOS's share in the company CASINO SLIAC SLOVAKIA in liquidation in the amount of SKK 8, 874,000. This adjusting entry was created in 1999 and in 2002. An adjusting entry is registered to the financial assets – Kasino Inovec accounted in 2002 in the amount of SKK 1, 500, 000. The share of the company is 10%.

### d) Inventories

Inventories procured by purchase are appraised by purchasing price that includes purchase and related costs ( duty, transport, insurance, bonus etc.) reduced for any discounts received.

The company accounted inventories by determined accounting procedures. Specific kind of 'inventories' are instant win lotteries . Storage price ( in customs warehouse and sale stock ) is set up on the base of invoice and the amount of goods. The prime registration is done in ITVS system from GTECH supplier and is processed by Instant lotteries Department. Invoiced costs for tickets production are divided depending on tickets sales. Unsold tickets are registered at the stock as ready for destruction done with the participation of the State Supervision and it is reported. An adjusting entry is formed to unsold tickets depends on the sale of particular ticket issue.

## e) Receivables

Receivables are appraised at their origin by their par value. An adjusting entry is formed to doubtful and questionable receivables where there is a risk of unenforceable ones. If the maturity of receivable is longer than one year an adjusting entry is formed that represents the difference between par value and present value of the receivable.

## f) Financial Accounts

Financial accounts are represented by cash, balances at bank accounts and short term financial assets. There is no risk of the change of this property value.

## g) Reserves

Reserves are liabilities without exact time limit or amount and are appraised at expected amount of a liability. The company registers legal reserves and other reserves in the line with valid accounting and tax regulations.

## h) Payable Income Tax

Income tax is accounted into the costs of the company when the tax duty is originated and in additional profit and loss account of the company it is calculated from the basis of an economic result before taxation adopted to tax deductible and additional items pursuant to permanent and temporary adjustment of tax base. Tax duty is settled, reduced by advanced payments, which the company paid during the year. The advanced payments paid off during the year are lower than tax duty for this year, the company registers final tax duty.

## i) Deferred Tax

Deferred tax results from:

- a) differences between book value of the equity and book value of the liabilities given in the balance sheet and their tax base,
- b) possibility to move unused tax deductions and other tax claims into future period,

Deferred tax receivable which was charged in previous years is reduced in current year by deferred tax duty resulted from the possibility to apply the adjusting entry to the receivables from past periods into tax expenses pursuant to the Act on income tax.

Calculation of the deferred tax was done at income tax rate expected to be valid at the time of deferred tax settlement, i.e. 19%.

## j) Foreign currency

The equity and liabilities in foreign currency are converted into Slovak currency at the exchange rate announced by the National Bank of Slovakia valid on a day of accounting case and in financial statements valid on a day of the compiling of the financial statements. The exchange rate differences are accounted with influence to economic result i.e. into the costs or revenues.

## k) Revenues

Sales from services relating to gambling games exclude VAT. Sales are accounted as of the last day of a month.

Sales from number lotteries and betting game TIPOS - BINGO (gross wagers) and costs for prizes( prize pool) are accounted on base of 'Draw reports'. Detailed rules for prize pool calculation are included in the game menu approved by the Ministry of Finance SR. Game menu of particular lotteries are set up pursuant to the Act No. 171/2005 on gambling games and the change and amendments of some Acts.

Sales from Instant Lotteries and costs for prizes from Instant Lotteries are accounted regularly monthly on base of automatic output from online processed wagers and paid out prizes. The basis for monthly accounting are weekly invoiced wagers and prizes for agents in line with agency contract.

Special category is accounting of sales and costs for prizes for all Internet gambling games as Internet betting e-Kurz and Internet games Tipclub, e-Casino creating particular Internet games.

## ASSETS

### Non-current intangible assets and non-current tangible assets

The overview of non-current intangible and non-current tangible assets from 1 Jan. 2006 to 31 Dec. 2006 is given in Appendix No. 1

Non-current assets are insured in case of theft, disaster, insurance of vehicles, insurance for damage up to the amount of SKK 70, 000,000 (2005 SKK 110, 000, 000 )

Small non-current intangible assets accounted directly into the costs represented as of 31 Dec. 2006 the amount of SKK 133, 000 (as of 31 Dec. 2005 SKK 690,000)

Small non-current tangible assets accounted directly into the costs represented as of 31 Dec. 2006 the amount of SKK 2, 072, 000 (as of 31 Dec. 2005 SKK 4, 726, 000)

### Non-current financial assets

The share capital as of 31 Dec. 2006 and the economic result of particular companies for 2006 accounting period and comparison of these data with the previous accounting period is given in the following table (in SKK , 000):

Name	Share in basic capital %	Share in votes	Economic result		Assets		Book value in balance sheet	
			2006	2005	2006	2005	2006	2005
CASINOS SLOVAKIA, Bratislava	51.32		35 149	24 374	112 254	102 825	35 412	35 412
CASINO SLIAČ, in liquidation	51.00			-4 694		4 812	0	0
Kasíno Inovec, Ltd. Bratislava	10.00						0	0
TIPKURZ, Inc. Bratislava	100.00		-6 271	-1 756	-3 217	3 054	23 218	23 218

During the year there were no changes of non-current financial assets. The conditions at the end of a year are the same as in 2005. The company did not form any adjusting entry to these assets. We register an adjusting entry to the financial assets represented by TIPOS's share in company CASINO SLIAC SLOVAKIA in liquidation in the amount of SKK 8, 874, 000. This adjusting entry was formed in 1999 and in 2002. An adjusting entry is registered to the financial assets – Kasino Inovec that was accounted in 2002 in the amount of SKK 1, 500,000. TIPOS's share in this company is 10%

The company CASINO SLIAC SLOVAKIA, Inc., in liquidation entered into liquidation on the basis of an extraordinary General Meeting decision held on 21 February 2000. This legal form is still valid. The last financial statements of this company is compiled as an extraordinary financial statements as of 17 May 2000. The company did not compile any other financial statements. In the closing standpoint of the auditors the opinion is expressed that the extraordinary financial statements do not reflect truly its financial situation and economic result.

## Inventory data

Specific type of inventories are Instant Win Lotteries. The registration of tickets is done in terms of inner directive' about system and responsibility for transaction related to the tickets movement.' The method of their appraising is mentioned in part E, point: 'The method of assessing of an individual assets and liabilities.' There are adjusting entries registered by the company from the reason of expecting unsold tickets which will be subject to destruction under State Supervision in line with the Act on gambling games.

## Receivables

Development of an adjusting entry during the accounting period is given in the following table (in SKK , 000):

Name	As of 31 Dec. 2005	Formation	Reduction/ Cancellation	As of 31 Dec. 2006
Receivables from business relationship	10, 793	3, 110	298	13, 605
Total	10, 793	3, 110	298	13, 605

Formation of the adjusting entry arose from the registered receivables after maturity date against agents in the amount of SKK 2, 664,000. Withdrawing or cancellation resulted from deduction of the receivable or its settlement in 2006.

At the end of 2006 the company registered adjusting entries in the amount of SKK 11, 578, 000 against agents and in the amount of SKK 2, 027,000 as a long term doubtful receivables from business relationship.

The company allows the involved adjusting entries in terms of tax duties as well as in consequence with deferred tax accounting.

Receivable structure is given in the following table (in SKK, 000):

	31. 12. 2006	31. 12. 2005
Receivables up to maturity date	104, 057	73, 479
Receivables after maturity date	16, 903	14, 022
Total	120, 960	87, 501

## Deferred tax receivables

Calculation of deferred tax receivables is given in the following table( in SKK, 000):

Text	31. Dec. 2006	31. Dec. 2005
Temporal differences between book value of assets and liability and their tax basis		
Value of liabilities and their tax basis, out of these:		
- long term assets	2, 623	3, 612
- receivables	13, 159	10, 714
- inventories	4, 054	
- reserves	11, 998	19, 700
<b>Total</b>	<b>31, 834</b>	<b>34, 026</b>
Tax rate	19%	19%
<b>Deferred tax duty /receivable/</b>	<b>6, 048</b>	<b>6, 465</b>

Change of deferred tax duty( receivable) is given in the following table ( in SKK, 000):

As of 31 Dec. 2006	6, 048
As of 31 Dec. 2005	6, 465
<b>Change</b>	<b>-417</b>
Out of it	
- accounted as an expense	417

## Financial accounts

As financial accounts we consider cash in the safe, bank accounts and short term financial assets. Bank accounts are at the company's free disposal.

## Time distinction

Time distinction items are given in the following table (in SKK, 000):

Name	31 Dec. 2006	31 Dec. 2005
Future costs		
Insurance	594	758
other	27, 765	33, 169
<b>Total</b>	<b>28, 359</b>	<b>33, 927</b>
Future revenues	331	0

## LIABILITIES

### Share capital

Share capital overview during an accounting period is given in the following table (in SKK , 000):

Name	As of 31 Dec. 2005	Economic result al- location in 2005	Economic result in 2006	As of 31 Dec. 2006
Share capital	11, 000			11, 000
Legal reserve fund from invested capital	500			500
Legal reserve fund	42, 285			42, 285
Statutory funds and other funds	30, 000	40, 000		70, 000
Undistributed profit from previous period	12, 610	40, 137		52, 747
Economic result for current accounting period	148, 307	-148, 307	223, 555	223, 555
Total	244, 702	-68, 170	223, 555	400, 087

Share capital of the company is represented by 11 shares in nominal value of SKK 1,000,000. All shares have the same rights against the shareholder.

Share capital reported as of 31 Dec. 2006 was influenced by increased profit to the funds and by undistributed profit from previous years, decreased due to other distributed profit (dividends, residuals and shares from economic result) in terms of General Meeting decision and by the economic result for current accounting period.

Share of profit in share capital: in 2006: 20,32 in 2005: 13,48

Accounted profit for 2005 in the amount of SKK 148,307,000 was divided as follows (in SKK, 000):

Profit from 2005	SKK ,000
Paid out dividends	60, 000
Allocation to social fund	1, 000
Allocation to statutory and other funds	40, 000
Other division	7, 170
Transfer for undivided profit	40, 137
Total	148, 307

Statutory body has not yet suggested profit distribution for the year.

## Reserves

Reserves overview is given in the following table (in SKK, 000):

Text	As of 31 Dec. 2005	Formation	Usage/cancellation	As of 31 Dec. 2006
Short term reserves				
Untaken holiday including social security, bonuses	4,292	4,465	4,292	4,465
Returns of tickets	19,700	11,998	19,700	11,998
Law-suit	160,326			160,326
others	2,585	2,322	2,585	2,322
Reserves total	186,903	18,785	26,577	179,111

## Liabilities

Liabilities structure due to remaining maturity date is given in the following table (in SKK, 000):

	31.12.2006	31.12.2005
Liabilities before maturity date	125,437	113,877
Liabilities after maturity date	0	0
Short term liabilities total	125,437	113,877
Long term liabilities total	470	664

## Social Fund

Formation and usage of social fund during the accounting period is given in the following table (in SKK, 000):

Text	2006	2005
As of 1 Jan.	664	751
Formation debiting the costs	192	180
Formation from profit	1,000	1,000
Usage	1,386	1,267
As of 31. Dec.	470	664

## Accruals and Deferrals

Accrual structure is given in the following table (in SKK, 000):

Accrued costs	31.Dec.2006	31.Dec. 2005
Unpaid prizes from previous year's claim	77,408	72,186
Levies from instant lotteries	50,535	15,750
miscellaneous	24,638	35,506
Total	152,581	123,442
Accrued revenues	10,041	16,178



## Revenues

### Sales from own products and services

Sales from lottery operation and other activities (in SKK, 000):

Sales from gambling games	31 Dec. 2006	31 Dec. 2005
LOTO	1, 417, 538	1, 558 987
JOKER	102, 244	91, 935
LOTO 5 z 35	54, 983	49, 044
KENO 10	674, 955	654, 763
KLUB KENO	732, 122	661, 133
Euromillions	156, 223	100, 488
TIPOS - BINGO	89, 195	125, 626
Internet game room	1, 030, 224	3, 071
Internet betting	326, 502	220, 201
Instant Lotteries	442, 810	341, 857
Sales from gambling games	5, 026, 796	3, 807 105
Other sales	58, 276	26, 896
Sales total	5, 085, 072	3, 834 001

### Other revenues from economic activity

Overview of other significant revenues from economic activity is given in the following table (in SKK,000):

Text	31.12.2006	31.12.2005
Revenues from the sale of assets and materials	1, 699	972
Revenues from agency contract with TIPKURZ, Inc.	6, 968	0
Other revenues	2, 681	2, 812
Total	11, 348	3, 784

### Financial Revenues

Financial revenues overview is given in the following table (in SKK,000):

Text	2006	2005
interests	14, 849	5, 897
dividends	12, 069	15, 740
Exchange rate gains	3, 251	858
Interest from a loan	482	101
Total	30, 651	22, 596

## COSTS INFORMATION

### Expenses on acquisition of materials and expenses on services

Expenses on acquisition of materials and expenses on services is given in the following table (in SKK, 000):

Text	2006	2005
Expenses on material	28,097	40,899
Services:		
- Costs for online processing	332,780	330,398
- Fee for outlets	346,582	325,753
- Production and broadcasting of programs and information	104,460	98,991
- Advertising	78,314	53,632
- Rent	11,241	9,933
- Advisory service	11,074	7,435
- Other	26,913	29,293
Services total	911,364	855,435

### Other expenses on economic activity

Overview of other significant expenses pursuant to the Act on gambling games and other expenses on economic activity are given in following table (in SKK, 000):

Text	2006	2005
Costs for prizes	3,218,536	2,060,805
Levies from gambling games	589,780	592,213
Gifts	8,185	9,966
others	3,343	21,517
Total	3,819,844	2,684,501

### Financial costs

Financial costs overview is given in the following table (in SKK, 000):

Text	2006	2005
insurance	2,142	1,817
Fee to the bank	1,557	823
Exchange rate losses	2,402	3,993
Total	6,101	6,633

## INCOME TAX

Calculation from theory to tax liability is given in the following table (in SKK, 000):

Tax adjustment	Basis	Tax	Rate
Pre-tax profit	279,505		
Tax at 19%		53,106	19.0%
Permanent differences	14,727	2,798	1%
Influence of deferred tax from preceding period	0	0	
Influence of income tax last year		61	0.0%
Influence of deferred tax last year		-15	
Total tax in Profit and Loss		55,950	20,0%
Due taxes		55,533	19.9%
Deferred tax		417	0.1%
Total tax in Profit and Loss		55,950	20.0%

## OFF-BALANCE SHEET ACCOUNTS

On the base of 'Judgment in the name of Slovak Republic' from 21 Dec. 2001 the receivable against the litigated company ALDYSOFT, Ltd. was accounted to off-balance sheet records as the existence of the litigated company is not certain. Receivable accounts for SKK 16,009,567.

## OTHER ASSETS AND LIABILITIES

The company is a defendant in a law-suit. The Regional Court in past periods decided against the company this resolution was cancelled by the Supreme Court of SR and was returned to the Court of First instance for the further proceeding. In March 2007 the Regional Court of Bratislava in new proceeding decided on behalf of the plaintiff. The company had not received the written judgment up to the date of compiling of the financial statements. When the company receives the judgment we will appeal to the Supreme Court of SR. The management of the company, based on the lawyer standpoint, consider the plaintiff's complaint unfounded and they are sure that reduced economic results relating to law-suit will not exceed created reserve.( Point F2 of Notes)

## INCOME AND BENEFIT OF THE MEMBERS OF STATUTORY SUPERVISORY AND OTHER BODIES OF THE COMPANY:

Gross income and directors' fee of the company Board of Directors for their activity for the company in given accounting period was SKK 4.644 million and gross income and directors' fee of the Supervisory Board members was SKK 2.236 million.





# Economic Relations

## ECONOMIC RELATIONS OF THE COMPANY AND RELATED PARTIES

During an accounting period the company made some transactions with the company TIPKURZ, Inc.

Transactions are given in the following table(in SKK, 000):

	2006	2005
<b>Sale</b>		
Sale of products, services and goods	4,304	515
Other revenues from economic activity	6,968	40
Financial revenues	482	102
Other		
<b>Purchase</b>		
Other, out of that:	16,094	15,420
- sales for advertising	1,440	300
- rent of advertising space	915	
- agent fee for number lotteries and scratch tickets	12,894	14,572
- agent fee for recharging cards	845	548

Selected assets and liabilities resulting from transactions with related parties are given in the following table( in SKK ,000):

	31. 12. 2006	31. 12. 2005
Receivables from business relationship	13,084	5,689
Other receivables in the frame of consolidated unit		
Provided loans	10,000	10,000
<b>Assets total</b>	<b>23,084</b>	<b>15,689</b>
Liabilities from business relationship		
Other liabilities in the frame of consolidated unit.	229	499
Received loans		
<b>Liabilities total</b>	<b>229</b>	<b>499</b>

Transaction among the related parties took place in common business conditions.

## CIRCUMSTANCES ARISING AFTER THE DATE TO WHICH THE FINANCIAL STATEMENTS WERE COMPILED

None known

## CASH-FLOW OVERVIEW AS OF 31 DECEMBER 2006

The company compiled the cash-flow overview by direct method.

Cash flow overview direct method - 2006			
Text	Design.	Current period	Preceding period
Cash flow from operating activities	A		
Income from sale of services (+)	A.4.	3 093 025,00	2 428 878,00
Expenses on acquisition of materials, energy and other non-storable supplies (-)	A.5.	-28 952,00	-35 694,00
Expenses on services (-)	A.6.	-498 836,00	-500 789,00
Staff costs (-)	A.7.	-55 798,00	-44 176,00
Expenses on taxes and fees, other than income tax expenses of the accounting entity (-)	A.8.	-644 741,00	-707 212,00
Other income from operating activities, other than those stated separately in other parts of the cash flow overview (+)	A.15.	19 968,00	37 785,00
Other expenses on operating activities, other than those stated separately in other parts of the cash flow overview (-)	A.16.	-1 631 853,00	-1 007 046,00
Cash flow from operating activities, other than those stated separately in other parts of the cash flow overview (+/-), (sum of A.1. to A.16.)	A*	252 813,00	171 746,00
Interest received other than that included into investment activities (+)	A.17.	14 517,00	6 930,00
Expenses on interest paid out, other than that included into financial activities(-)	A.18.	-2,00	0,00
Income from dividends and other shares in profit, other than those included into investment activities(+)	A.19.	12 069,00	15 740,00
Expenses on dividends paid out and other shares in profit, other than those included into financial activities (-)	A.20.	-60 000,00	0,00
Cash flow from operating activities(+/-), (sum of A.1. to A.20.)	A**	219 397,00	194 416,00
Income tax expenses of the accounting entity, other than that included in investment activities or financial activities (-/+)	A.21.	-51 493,00	-8 236,00
Income of an extraordinary nature related to operating activities(+)	A.22.	104,00	0,00
Expenses of an extraordinary nature related to operating activities(-)	A.23.	-46,00	-24,00
Net cash flow from operating activities (sum of A.1. to A.23.)	A	167 962,00	186 156,00
Cash flow from investment activities	B		
Expenses on acquisition of non-current intangible assets (-)	B.1.	-18 872,00	-9 602,00
Expenses on acquisition of non-current tangible assets (-)	B.2.	-18 416,00	-14 197,00
Expenses on acquisition of non-current securities and ownership interests in other accounting entity, other than securities, deemed cash equivalents and securities intended for sale or trading (-)	B.3.	0,00	-23 218,00
Income from sale of non-current tangible assets (+)	B.5.	1 692,00	987,00
Expenses on long term inter company loans (-)	B.7.	0,00	-10 000,00
Net cash flow from investment activities (sum of B.1. to B.20.)	B	-35 596,00	-56 030,00
Cash flow from financial activities	C.		
Net cash flow from financial activities (sum of C.1. to C.9.)	C.	0,00	0,00
Net cash increase or decrease (+/-) (sum of A + B + C)	D.	132 366,00	130 126,00
Balance of cash equivalents at the start of the accounting period (as at 1 January)	E.	371 549,00	244 526,00
Balance of cash and cash equivalents at the end of the accounting period prior to consideration of exchange rate differences calculated as at the date of financial statements (+/-)	F.	503 916,00	374 652,00
Exchange rate differences calculated for cash and cash equivalents as at the date of financial statements (+/-)	G.	1 524,00	-3 103,00
Exchange rate losses	G.1	-1 658,00	-3 960,00
Exchange rate gains	G.2	3 182,00	857,00
Balance of cash and cash equivalents at the end of accounting period adjusted for exchange rate differences calculated as at the date of financial statements (+/-)	H.	505 440,00	371 549,00

## Appendix No. 1

## III.1 Overview of non-current asset movements

Type		Acquisition price	Provisions and value adjustments	Net book value
Non-current intangible assets	As at 1 Jan.2006	38 903 946,52	16 969 262,51	21 934 684,01
	+increase	41 535 759,19	16 303 410,90	25 232 348,29
	- decrease	8 848 875,00	0,00	8 848 875,00
	+/- movement	0,00	0,00	0,00
	As at 31 Dec.2006	71 590 830,71	33 272 673,41	38 318 157,30
Softver	As at 1 Jan.2006	29 197 210,89	16 677 814,51	12 519 396,38
	+increase	8 819 008,80	7 229 102,90	1 589 905,90
	- decrease	0,00	0,00	0,00
	+/- movement			
	As at 31 Dec.2006	38 016 219,69	23 906 917,41	14 109 302,28
Valuable rights	As at 1 Jan.2006	2 127 030,63	291 448,00	1 835 582,63
	+increase	0,00	496 788,00	-496 788,00
	- decrease	0,00	0,00	0,00
	+/- movement			0,00
	As at 31 Dec.2006	2 127 030,63	788 236,00	1 338 794,63
Acquisition of non-current intangible assets	As at 1 Jan.2006	7 579 705,00		7 579 705,00
	+increase	32 716 750,39	8 577 520,00	24 139 230,39
	- decrease	8 848 875,00		8 848 875,00
	+/- movement			
	As at 31 Dec.2006	31 447 580,39	8 577 520,00	22 870 060,39
Advance payment made for non-current intangible assets	As at 1 Jan.2006	0,00	0,00	0,00
	+increase			
	- decrease			
	+/- movement			
	As at 31 Dec.2006	0,00	0,00	0,00
Non-current tangible assets	As at 1 Jan.2006	196 088 791,26	108 399 154,18	97 246 202,08
	+increase	32 792 917,83	16 095 515,50	16 697 402,33
	- decrease	27 528 387,61	11 786 612,13	15 741 775,48
	+/- movement			
	As at 31 Dec.2006	210 909 886,48	112 708 057,55	98 201 828,93
Land	As at 1 Jan.2006	9 556 565,00		9 556 565,00
	+increase			0,00
	- decrease			0,00
	+/- movement			
	As at 31 Dec.2006	9 556 565,00		9 556 565,00
Structures	As at 1 Jan.2006	80 451 347,32	25 722 686,00	54 728 661,32
	+increase	0,00	3 389 856,00	-3 389 856,00
	- decrease	0,00	0,00	0,00
	+/- movement			
	As at 31 Dec.2006	80 451 347,32	29 112 542,00	51 338 805,32



Individual movable assets and set of	As at 1 Jan.2006	104 402 747,07	81 657 165,69	22 745 581,38
movable assets	+increase	13 715 501,89	11 940 697,20	1 774 804,69
	- decrease	11 474 794,06	11 474 794,06	0,00
	+/- movement			
	As at 31 Dec.2006	106 643 454,90	82 123 068,83	24 520 386,07
Other non-current tangible assets	As at 1 Jan.2006	9 151 250,43	1 019 302,49	8 131 947,94
	+increase	1 837 424,44	764 962,30	1 072 462,14
	- decrease	311 818,07	311 818,07	0,00
	+/- movement			
	As at 31 Dec.2006	10 676 856,80	1 472 446,72	9 204 410,08
Acquisition of non-current assets	As at 1 Jan.2006	2 083 446,44		2 083 446,44
	+increase	17 139 991,49		17 139 991,49
	- decrease	15 641 775,47		15 641 775,47
	+/- movement			
	As at 31 Dec.2006	3 581 662,46		3 581 662,46
Advance payments made on	As at 1 Jan.2006	0,00		0,00
tangible non-current assets	+increase	100 000,01		100 000,01
	- decrease	100 000,01		100 000,01
	+/- movement			
	As at 31 Dec.2006	0,00		0,00
Non-current financial assets	As at 1 Jan.2006	79 003 876,95	10 374 000,00	68 629 876,95
	+increase	0,00	0,00	0,00
	- decrease	0,00	0,00	0,00
	+/- movement			
	As at 31 Dec.2006	79 003 876,95	10 374 000,00	68 629 876,95
Shares and ownership in	As at 1 Jan.2006	67 503 876,95	8 874 000,00	58 629 876,95
a controlled entity	+increase	0,00	0,00	0,00
	- decrease	0,00	0,00	0,00
	+/- movement			
	As at 31 Dec.2006	67 503 876,95	8 874 000,00	58 629 876,95
Realized shares and ownership	As at 1 Jan.2006	1 500 000,00	1 500 000,00	0,00
interests	+increase	0,00	0,00	0,00
	- decrease	0,00	0,00	0,00
	+/- movement			
	As at 31 Dec.2006	1 500 000,00	1 500 000,00	0,00
Inter company loans	As at 1 Jan.2006	10 000 000,00		10 000 000,00
in consolidated unit	+increase	0,00		0,00
	- decrease	0,00		0,00
	+/- movement			0,00
	As at 31 Dec.2006	10 000 000,00		10 000 000,00
Acquisition of non-current	As at 1 Jan.2006	0,00	0,00	0,00
financial assets	+increase	0,00	0,00	0,00
	- decrease	0,00	0,00	0,00
	+/- movement			
	As at 31 Dec.2006	0,00	0,00	0,00



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Slovak Republic  
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Facsimile +421 (0) 2 59350 222

### SPRÁVA NEZÁVISLÉHO AUDÍTORA

Spoločníkom a konateľom spoločnosti TIPOS, národná lotériová spoločnosť, a. s.:

Uskutočnili sme audit priloženej účtovnej závierky spoločnosti TIPOS, národná lotériová spoločnosť, a. s. („Spoločnosť“) zostavenej k 31. decembru 2006, ktorá obsahuje súvahu, výkaz ziskov a strát za rok, ktorý sa k uvedenému dátumu skončil a poznámky.

#### Zodpovednosť štatutárneho orgánu spoločnosti

Štatutárny orgán spoločnosti je zodpovedný za zostavenie a objektívnu prezentáciu účtovnej závierky v súlade so slovenským zákonom o účtovníctve. Táto zodpovednosť zahŕňa návrh, implementáciu a zachovávanie internej kontroly relevantnej pre prípravu a objektívnu prezentáciu takej účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby, ďalej výber a uplatňovanie vhodných účtovných zásad a účtovných metód, ako aj uskutočnenie účtovných odhadov primeraných za daných okolností.

#### Zodpovednosť audítora

Našou zodpovednosťou je vyjadriť názor na túto účtovnú závierku, ktorý vychádza z výsledkov nášho auditu. Audit sme uskutočnili v súlade s Medzinárodnými audítorskými štandardmi. Podľa týchto štandardov máme dodržiavať etické požiadavky, naplánovať a vykonať audit tak, aby sme získali primerané uistenie, že účtovná závierka neobsahuje významné nesprávnosti.

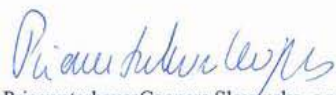
Súčasťou auditu je uskutočnenie postupov na získanie audítorských dôkazov o sumách a údajoch vykázaných v účtovnej závierke. Zvolené postupy závisia od rozhodnutia audítora, vrátane posúdenia rizika významných nesprávností v účtovnej závierke, či už v dôsledku podvodu alebo chyby. Pri posudzovaní tohto rizika audítora berie do úvahy internú kontrolu relevantnú pre zostavenie a objektívnu prezentáciu účtovnej závierky, aby mohol navrhnúť audítorské postupy vhodné za daných okolností, nie však za účelom vyjadrenia názoru na účinnosť internej kontroly účtovnej jednotky. Audit ďalej obsahuje zhodnotenie vhodnosti použiteľných účtovných zásad a účtovných metód a primeranosti významných účtovných odhadov uskutočnených štatutárnym orgánom spoločnosti, ako aj zhodnotenie prezentácie účtovnej závierky ako celku.

Sme presvedčení, že audítorské dôkazy, ktoré sme získali, sú dostatočné a vhodné ako východisko pre náš názor.

The company's ID (IČO) No. 35739347.  
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ) 2020270021.  
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH) SK2020270021.  
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava 1, pod vložkou č. 16611/B, oddiel: Sro.  
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.

Názor

Podľa nášho názoru účtovná zvierka vyjadruje objektívne vo všetkých významných súvislostiach finančnú situáciu TIPOS, národná lotériová spoločnosť, a. s. k 31. decembru 2006 a výsledok jej hospodárenia za rok, ktorý sa skončil k uvedenému dátumu, v súlade so slovenským zákonom o účtovníctve.



PricewaterhouseCoopers Slovensko, s.r.o.  
Licencia SKAU č. 161



Ing. Ivan Kupkovič  
Licencia SKAU č. 689

16. marca 2007

(2)

# 7. Intentions and targets for 2007

In the line with the state policy approved by the Slovak government, in the field of gambling games, the main mission of TIPOS, Inc., as a national lottery company, is to enforce the state interests concerning operation of selected kinds of gambles and this is done by trustful operation of products for players. Thus, the confidence of inhabitants in the state institution is enhanced and the state guarantees gaming and optimum usage of the means obtained from the gambling.

From the point of view of the shareholder who is the state, the company will focus its attention mainly to the growth of regular levies from the operation of lotteries.

2007 should be a significant year for the company from several reasons. We intend to rise revenues but the important fact is the change in the attitude to marketing. We especially support our products. The promotion of brands of products and particularly LOTO game is one of primary aim of the marketing communication. In the sphere of lottery products we hope to maintain the growing tendency of KLUB KENO game where annual revenues in the amount of SKK 770,000,000 are planned.

There will be implemented another set of technologies in Internet connection concerning registration and payment portals with the highest security items and personal data protection of players as well as broadening the payment possibilities with Internet products of commercial banks. At the same time the playing module of a portal was adjusted and made bigger and due to these possibilities the web side of the company TIPOS becomes significant, complete and actually unlimited place for players to take active part in lotteries and games of all kinds.

We are planning the growth of Instant Lotteries and we would like to work on new additional television games so popular in the world.

TIPOS - BINGO will go through another transformation in 2007 especially in the area of economic effectiveness. It will result in expected cancellation of the studio game TIPOS - BINGO.

Except already mentioned facts we are preparing for launching of Euro and we are expecting the law-suit that is unpleasant heritage of the past periods.

Sound economic growth of the Central Europe and previous development make us assume that favorable conditions in the entertaining business will remain stable. We will surely be facing to growing competition of other market players with different ambitions. That's why it will be important to improve entire effectiveness and performance of our company.



## 8.1. COMPANY PRODUCTS 2006

Number Lotteries

Special bingo TIPOS - BINGO

Instant Lotteries

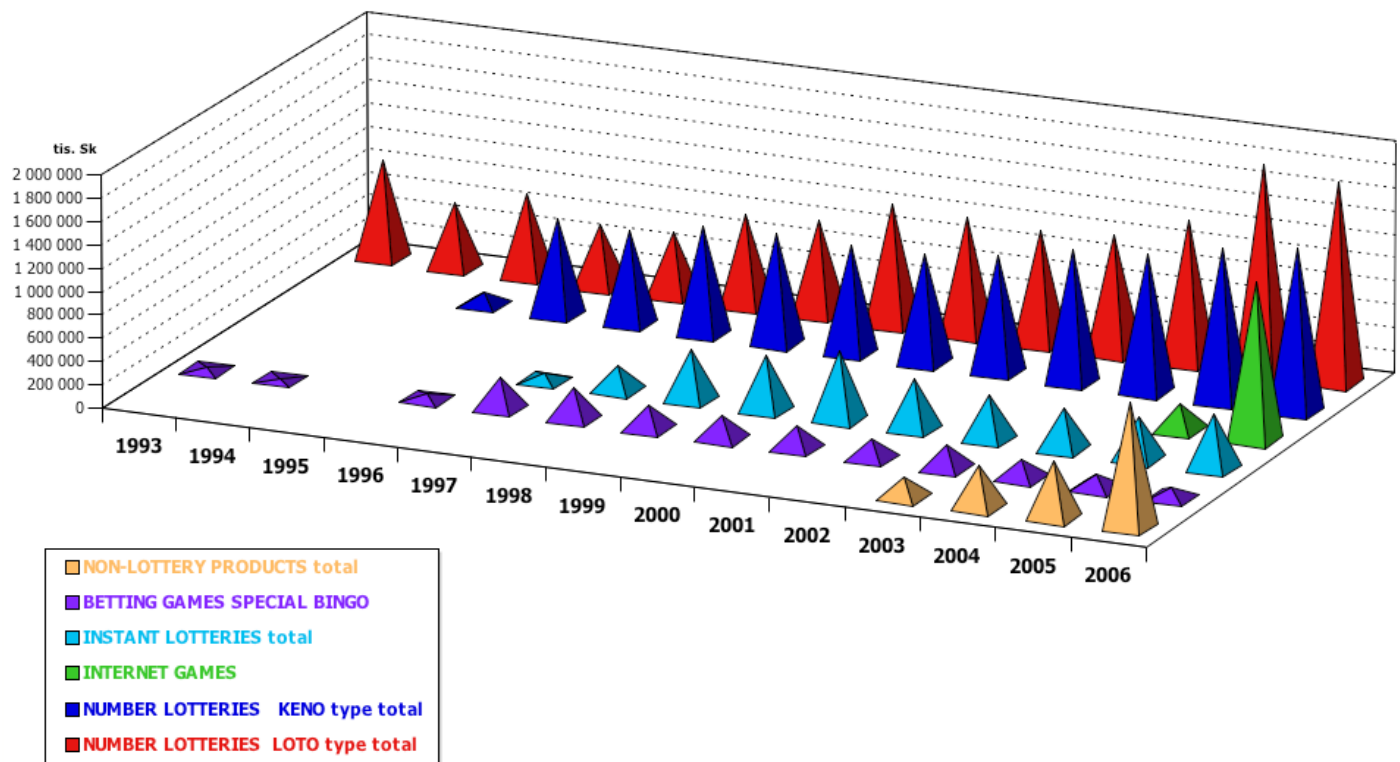
Internet Gambling Games

Non-lottery Products

Appendix to the Annual Report for 2006  
May 2007

## WAGERS TOTAL-GROSS WAGERS in the history of the company due to game types and non lottery products sales

year	NUMBER LOTTERIES LOTO type total	NUMBER LOTTERIES KENO type total	BETTING GAMES SPECIAL BINGO	INTERNET GAMES	INSTANT LOTTERIES total	NON-LOTTERY PRODUCTS total	TIPOS total all lottery and non-lottery products
1993	857 508 411		23 133 642				880 642 053
1994	565 107 580		7 818 496				572 926 076
1995	725 227 007	115 027 475					840 254 482
1996	543 414 262	835 796 065	55 612 980				1 434 823 307
1997	556 977 010	818 052 175	274 394 620		70 920 860		1 720 344 665
1998	797 002 275	937 428 985	265 065 220		208 749 640		2 208 246 120
1999	824 365 685	955 892 690	202 714 420		434 586 000		2 417 558 795
2000	1 049 433 789	934 313 300	196 442 200		473 916 000		2 654 105 289
2001	1 010 763 447	943 416 210	190 040 470		589 784 000		2 734 004 127
2002	977 820 434	1 005 761 900	163 124 880		432 774 000		2 579 481 214
2003	1 027 683 862	1 136 341 290	203 983 810		377 839 500	175 690 250	2 745 848 462
2004	1 238 630 162	1 190 228 280	162 216 850		357 814 000	362 568 240	2 948 889 292
2005	1 800 454 066	1 315 896 185	125 626 025	223 280 265	358 426 500	476 506 410	3 823 683 041
2006	1 730 988 024	1 407 077 645	89 195 100	1 356 725 868	472 334 000	1 061 363 680	5 056 320 637
total	13 705 376 014	11 595 232 200	1 959 368 713	1 580 006 133	3 777 144 500	2 076 128 580	32 617 127 560



Launch date: 15 April 1957

Description of the game:

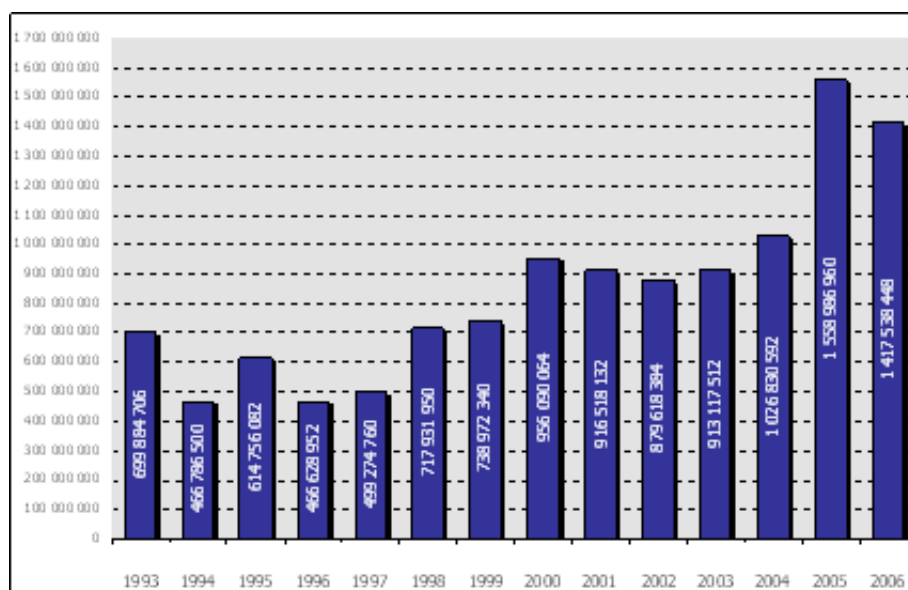
- number lottery 6 out of 49;
- drawing of winning numbers of 1-st and 2-nd draw is organized two times per week on Wednesday and Sunday (up to 27 week 1999 only on Sunday);
- 6 winning numbers are drawn and one additional number out of total 49 numbers;
- the gross wager is a multiple of accepted bets and a price for one bet;
- the bet price of a wager for both 1-st and 2-nd draws ( double bet) is SKK 16;
- the prize pool is 50% of the gross wager of given game for particular betting period. It is divided with equal ratio for prize pool for 1 and 2 draw;
- the prize pool is divided into winning sums for particular winning categories as follows (since 32 week 2000):

Category	Number of matches	Distribution of prize pool
I.	6	32 %
II.	5 + 1	6 %
III.	5	9 %
IV.	4	13 %
V.	3	40 %

- JACKPOT – shifting of accumulated funds, allocated for the winning category I., into the betting period when the prize in the winning category I. is reached. Since 32 week 2000 is Jackpot guaranteed in amount of minimum SKK 3,000,000;
- since 1. October 2002 the name of the lottery changed from SPORTKA into LOTO;
- since 2003 was introduced the possibility of Premium game relating to winning numbers JOKER;
- Since November 2004 accepting the bets per Internet.

Wagers of the number lottery LOTO and its percentage share in total wagers of the company:

year	Wagers in SKK,000	% share
1993	699,885	79,5
1994	466,786	81,5
1995	614,756	73,2
1996	466,629	32,5
1997	499,275	29,0
1998	717,932	32,6
1999	738,972	30,6
2000	956,090	36,0
2001	916,518	33,5
2002	879,618	34,1
2003	913,118	33,3
2004	1,026,831	34,8
2005	1,558,987	40,8
2006	1,417,538	28,0



Launch date: 1992

Description of the game:

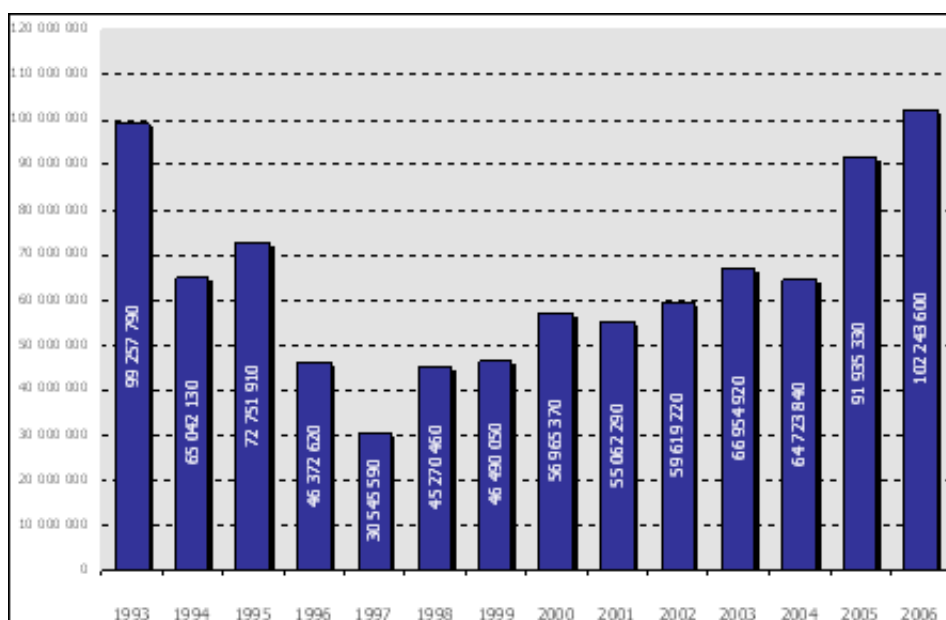
- a bet of the last six digits of the ticket number, an additional game related to number lottery LOTO;
- drawing is organized 2 times per week on Wednesday and Sunday (to 27 week 1999 only on Sunday);
- the gross wager is a multiple of accepted bets and a price for one bet;
- a price for a wager is SKK 10;
- the prize pool is 50% of the gross wager for the corresponding betting period;
- the prize pool is divided into winning sums for particular winning categories as follows:

Winning category	Prize
I.	The rest of total sum allocated for prize, minimum SKK 200,000
II.	SKK 100,000
III.	SKK 10,000
IV.	SKK 1,000
V.	SKK 100

- JACKPOT – shifting of accumulated funds for winning category I., into the betting period when the prize in winning category I. is reached
- Since 1 October 2002 the lottery name was changed into JOKER;
- Since February 2006 accepting the bets per Internet

Wagers of number lottery JOKER and its percentage share in total wagers of the company:

year	Wagers in SKK,000	% share
1993	99,258	11,27
1994	65,042	11,35
1995	72,752	8,66
1996	46,373	3,23
1997	30,546	1,78
1998	45,270	2,06
1999	46,490	1,92
2000	56,965	2,15
2001	55,062	2,01
2002	59,619	2,31
2003	66,955	2,45
2004	64,724	2,19
2005	91,935	2,41
2006	102,244	20,0





Launch date: 1967

Description of the game:

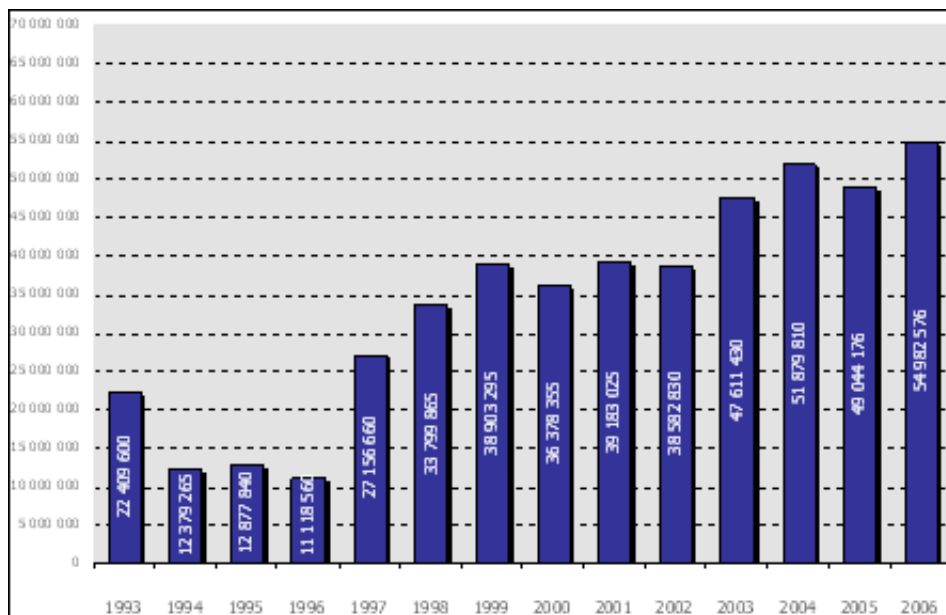
- Number lottery 5 of 35;
- drawing is organized one time per week on Sunday, 5 winning numbers are drawn;
- the gross wager is a multiple of accepted bets and a price for a bet;
- a price of a wager for one bet is SKK 8;
- the prize pool is 50% of the gross wager for corresponding betting period;
- the prize pool is divided into winning sums for particular winning categories as follows:

Winning category	Number of matches	Distribution of prize pool
III.	3	Fixed prize SKK 100,-
II.	4	50 % of the rest of prize wager
I.	5	50 % of the rest of prize wager

- JACKPOT – shifting of accumulated funds allocated for winning category I., into the betting period when the prize in winning category I. is reached;
- Since 1 October 2002 the lottery changed its name into LOTO 5 of 35;
- Since November 2004 accepting bets per Internet.

Wagers of number lottery LOTO 5 of 35 and its percentage share in total wagers of the company:

year	Wagers in SKK, 000	% share
1993	22,410	2,5
1994	12,379	2,2
1995	12,878	1,5
1996	11,119	0,8
1997	27,157	1,6
1998	33,800	1,5
1999	38,903	1,6
2000	36,378	1,4
2001	39,183	1,4
2002	38,583	1,5
2003	47,611	1,7
2004	51,880	1,8
2005	49,044	1,3
2006	54,983	1,1



Launch date: 2004

Description of the game:

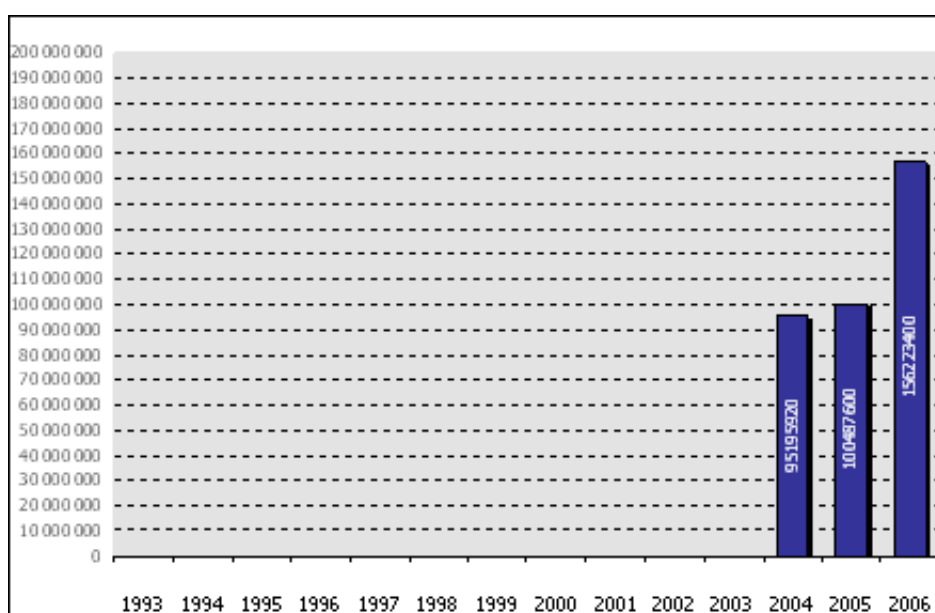
- number lottery of lotto type with power ball 7/35 and 1/5;
- drawing is organized once per week on Friday, 7 lotto numbers are drawn and 1 power ball winning number;
- the gross wager is a multiple of accepted bets and a price of wager for a bet;
- the price of a wager for a bet is SKK 40;
- the prize pool is 50% of the gross wager for corresponding betting period;
- the prize pool is divided into winning sums for particular winning categories as follows:

Winning category	Number of matches		Distribution of prize pool
	Lotto	Power ball	
1. category	7 + 1		18%
2. category	7 + 0		4%
3. category	6 + 1		4%
4. category	6 + 0		5%
5. category	5 + 1		5%
6. category	5 + 0		5%
7. category	4 + 1		7%
8. category	4 + 0		13%
9. category	3 + 1		16%
10. category	0 + 1		23 %

- JACKPOT – shifting of accumulated funds allocated for winning category I., into the betting period when the prize in winning category I., is reached;
- Since November 2004 accepting bets per Internet.

Wagers of number lottery EURO MILLIONS and its percentage share in total wagers of the company:

year	Wagers in SKK, 000	% share
2004	95, 196	2,5
2005	100, 488	2,6
2006	156, 223	3,1



Launch date: 20 November 1995

Description of the game:

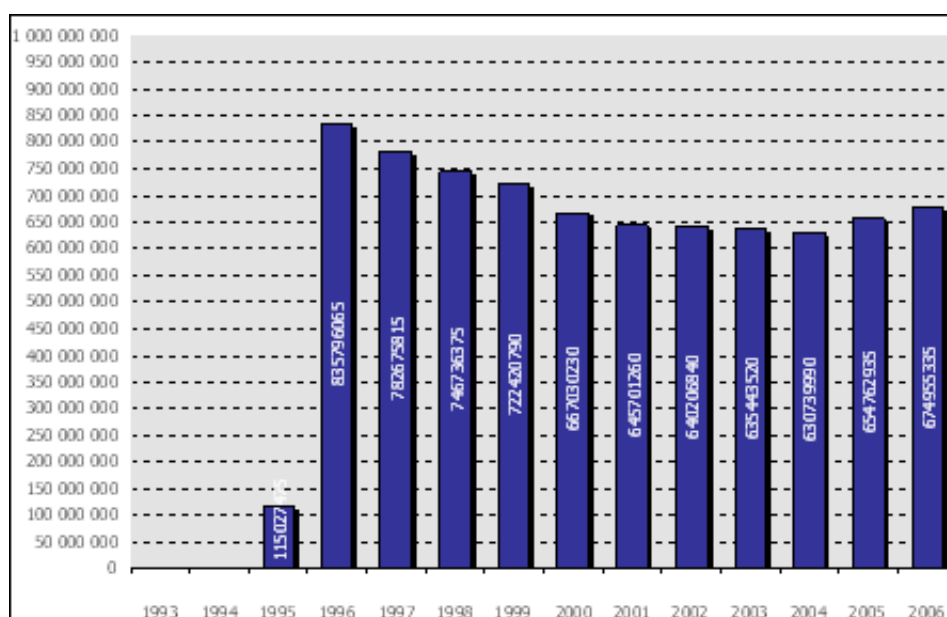
- number lottery in which a player bets 1-10 numbers out of 80;
- drawing happens every day in a week (till the end of April 1999 without Sunday), 20 winning numbers are drawn;
- the price of a wager is minimum SKK 5, or its multiples up to maximum SKK 100;
- the prize is given by the combination of the count of bet numbers, the count of matches and the amount of wager;
- Since November 2004 accepting bets per Internet.

Prize table:

Number of matches	The count of bet numbers									
	10	9	8	7	6	5	4	3	2	1
10	200 000x									
9	10 000x	50 000x								
8	500x	2 000x	20 000x							
7	20x	200x	400x	4 000x						
6	10x	20x	40x	100x	600x					
5	3x	3x	4x	10x	20x	200x				
4			1x	2x	2x	16x	50x			
3					1x	2x	8x	16x		
2								2x	8x	
1										2x
0	1x	1x	1x	1x	1x					

Wagers of number lottery KENO 10 and its percentage share in total wagers of the company:

year	Wagers in SKK,00	%share
1995	115, 027	13,7
1996	835, 796	58,3
1997	782, 676	45,5
1998	746, 736	33,9
1999	722, 421	29,9
2000	667, 030	25,1
2001	645, 701	23,6
2002	640, 207	24,8
2003	635, 444	23,3
2004	630, 740	21,4
2005	654, 763	17,1
2006	674, 955	13,4



Launch date: 6 October 1997

Description of the game:

- number lottery when a player bets 1-7 numbers out of 80 numbers,
- drawing of winning numbers happens every 5 minutes during the betting day, which is regularly every day in a week, at each drawing 20 winning numbers are drawn,
- minimum wager is SKK 10, and its multiples up to maximum wager of SKK 60,
- the prize is given by combination of the count of bet numbers, the count of matches and the amount of wager.

Prize table:

Number of matches	The count of bet numbers						
	7	6	5	4	3	2	1
7	3 000x						
6	100x	700x					
5	20x	30x	200x				
4	3x	5x	25x	55x			
3		2x	2x	5x	23x		
2				1x	2x	10x	
1							2x
0	1x						

Launch date: 24. 10. 1996

Description of the game:

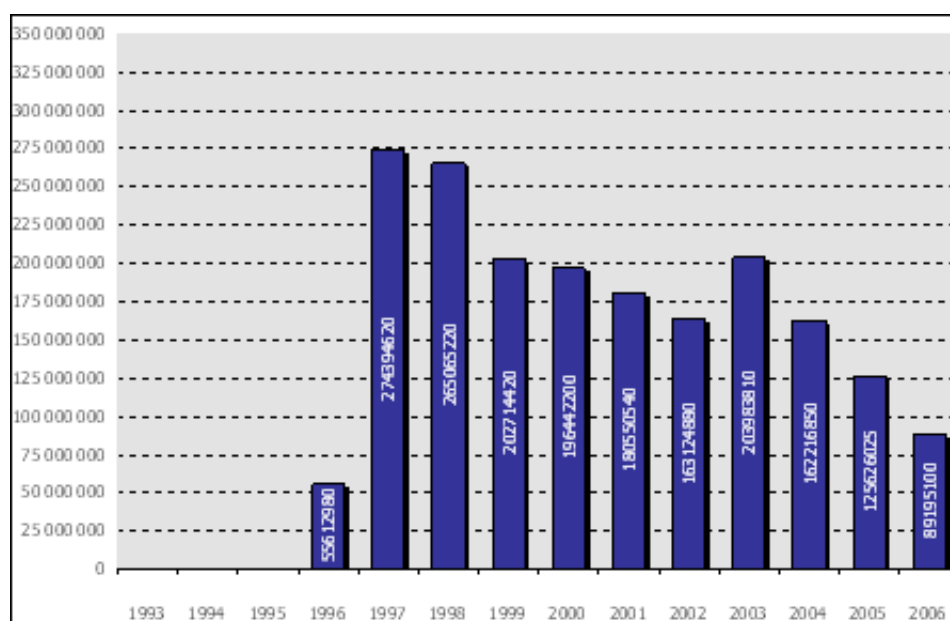
- special bingo as a betting game based on the combination of 25 numbers of number line 1-75,
- drawing happens once a week and it is broadcasted on television on Tuesday,
- the gross wager is composed of aggregate wagers accepted in the corresponding betting period,
- a wager for one playing board is SKK 25, (till 18 Sept. 2003 wager was SKK 20),
- the prize pool is 55% of the gross wager (till 16 week 2005 50%) for corresponding betting period and there are winning categories as follows:

Winning category	Distribution of prize pool
Four corners	20 %
Diagonals	5 %
Jackpot	18 %
TIPOS - BINGO	15 %
Prizes for studio players	15 %
Lucky line (since 2000)	27 %

- JACKPOT is shifting to next week in a case that nobody wins and stop ball for Jackpot is stabile as 48 selected number in order (till 16 week 2000 the stop ball was moveable).

Wagers of betting game TIPOS - BINGO and its percentage share in total wagers of the company:

year	Wagers in SKK ,000	% share
1996	55, 613	3,9
1997	274, 395	16,0
1998	265, 065	12,0
1999	202, 714	8,4
2000	196, 442	7,4
2001	180, 551	6,6
2002	163, 125	6,3
2003	203, 984	7,4
2004	162, 217	5,5
2005	125, 626	3,3
2006	89, 195	1,8



### 8.1.3. INSTANT LOTTERIES

Since the beginning of Instant lotteries operation in 1997 till the Christmas lottery launch at the end of 2006 the company TIPOS, national lottery company, on Slovak market emitted in total so far 38 issues of different kinds of scratch tickets and there was sold over 169.797 million pieces of tickets. In 2006 tickets were sold for 30.7 million SKK what represents second biggest sale in the history. The issues of Instant lotteries whose sale from the previous years continued in 2006 were Golden Egg, Keno, Lucky 7-53, Magic Box, Deal or no Deal and clearance sale of the Christmas lottery 2005.

New Instant lotteries in 2006 emitted into sale were Pig in rye, Heart Ace, Toadstool, Golden Rain and Christmas Lottery 2006.

*Development graph of revenues from sales and reached average price for a ticket:*



## GOLDEN EGG #44 / Zlaté vajce

Period of sale: 6 Sep 2004 – 5 Sep 2006

Ticket price: SKK 30,-

Description of the game:

- scratching lottery with instant cash prizes, with drawing prizes and additional TV game,
- a ticket contains one playing area covered with scratching latex layer,
- the instant prize is determined by three equal number symbols in the amount of SKK 20, 50, 100 and 500 or by three TV symbols which are after sending the ticket selected for possible participation in TV game,
- TV game is broadcasted once per week on Sunday by Markiza TV and drawn players have opportunity to win high studio prizes included accumulated JACKPOT.



Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2004	68, 262, 000	2, 275, 400
2005	132, 558, 000	4, 418, 600
2006	55, 524, 000	1, 850, 800

## KENO #51 / KENO

Period of sale: 3 Jan 2005 – 2 Jan 2006

Ticket price: SKK 10,-

Description of the game:

- scratching lottery with instant cash prizes,
- a ticket contains one playing board 'Drawn numbers' covered with scratch latex layer and second one unclosed 'Your numbers',
- the game principal is to scratch and find identical numbers from the board 'Your numbers' with the numbers in the board 'Drawn numbers' and the prize is determined by the count of identical numbers. The instant prizes are in the amount of SKK 10; 100; 1, 000; 10, 000 and the highest prize is SKK 100,000.



Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2005	35, 528, 000	3, 552, 800
2006	26, 000	2, 600

## LUCKY 7 #53 / Šťastná 7

Period of sale: 2 May 2005 – 1 May 2007  
 Ticket price: SKK 10,-  
 Description of the game:

- instant lottery
- an instant lottery ticket contains one playing board,
- the prize is determined by three identical symbols in the value of win.
- there are possible wins of SKK 10, 20, 50, 500, 1000 or premium prizes in SKK 77, 777, 7777 and 77,777.



Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2005	56,382,000	5,638,200
2006	72,016,000	7,201,600

## MAGIC BOX # 52 / Čarovná skrinka

Period of sale: 2 May 2005 – 1 May 2006  
 Ticket price: SKK 20,-  
 Description of the game:

- scratching lottery with instant cash prizes,
- a ticket contains one playing board in the shape of a box covered with scratch latex layer, and the box is divided into three separate fields,
- the instant prize is determined by three identical symbols placed in one field of the box. Instant prizes are in amounts of SKK 20, 50, 100, 500 and the highest prize is SKK 50,000.

Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2005	40,510,000	2,025,500
2006	11,246,000	562,300





## DEAL OR NO DEAL #54 / Ruku na to

Period of sale: 15 Aug 2005 – 24 Apr 2006 (sale finished untimely)  
 Ticket price: SKK 30,-  
 Description of the game:

- scratching lottery with instant cash prizes, with drawn prizes and additional TV game,
- a ticket contains one playing board covered with scratch latex layer,
- the instant prize is determined by three identical number symbols in amount of SKK 30, 50, 100 and 500 or by three TV symbols which after sending such ticket is drawn and there is possible participation in TV game,
- TV game is broadcasted once per week on Monday on STV 1 and drawn players have possibility to win high studio games. The highest studio prize is in the amount of SKK 5, 000, 000.



Development of receipts during the period of sale		
year	Receipts in SKK	Sale in pieces
2005	19,980,000	666,000
2006	4,008,000	133,600

## PIG IN RYE #61 and #66 / Prasa v žite

Period of sale: #61: 6 Feb 2006 – 5 Feb 2007  
 #66: 25 Sep 2006- 24 Sep 2007  
 Ticket price: SKK 10,-  
 Description of the game:

- a ticket contains one playing board covered with scratch latex layer,
- the prize is determined by three identical symbols in the value of prize,
- the instant prizes are as follows SKK 10, 30, 100, 500, 1 000.
- A ticket with three symbols of a pig's head obtains the highest possible prize in the amount of SKK 100, 000.

Development of receipts during the period of sale		
year	receipts in SKK	Sale in pieces
2006	146,352,000	14,635,200



## HEART ACE #62 / Srdcové eso

Period of sale: 3 Apr 2006 – 2 Apr 2007

Ticket price: SKK 20,-

Description of the game:

- a ticket of instant lottery contains a playing board,
- the prize is determined by three identical symbols in the value of prize,
- there are possible prizes of SKK 20; 100; 500; 200, 000,
- a ticket with joker symbol wins bonus prize in the amount of SKK 1,000.



Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2006	42, 810, 000	2, 140, 500

## TOADSTOOL #63 / Muchotrávka

Period of sale: 29 May 2006 – 28 May 2007

Ticket price: SKK 20,-

Description of the game:

- a ticket of instant lottery contains one playing board,
- the prize is determined by three identical symbols in the value of prize,
- there are possible prizes of SKK 20; 50; 100; 500; 1,000; 200,000.

Development of receipts during the period of sale

year	Receipts in SKK	sales in pieces
2006	30, 554, 000	1, 527, 700



## GOLD RAIN #64 / Zlatý dážď

Period of sale: 21 Aug 2006 – 20 Aug 2007

Ticket price: SKK 30,-

Description of the game:

- an instant lottery with an additional TV game,
- a ticket of instant lottery contains one playing board,
- the prize is determined by three identical symbols in the value of prize,
- there are possible prizes on a ticket of SKK 30; 50; 100; 500; or drawing in order to take part in television game GOLD RAIN,
- drawn players take part in GOLD RAIN game and they have opportunity to win high prizes,
- broadcasting of TV game GOLD RAIN is once pre week on Sunday night.



Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2006	67, 908, 000	2, 263, 600

## CHRISTMAS LOTTERY 2006 #65 / Vianočná lotéria 2006

Period of sale: 2 Oct 2006 – 31 Dec 2006

Ticket price: SKK 100,-

Description of the game:

- a ticket has a form of Christmas greeting,
- a ticket contains a playing board consist of twenty four snow flakes covered with scratch layer. There is one winning symbol under each snow flake,
- the prize is determined by given number of identical symbols as follows:
 

3 x Father Christmas	SKK 100,-
3 x reindeer	SKK 200,-
3 x cake	SKK 300,-
3 x candle	SKK 500,-
4 x sledges	SKK 1, 000,-
5 x snowman	SKK 2, 000,-
6 x star	SKK 5, 000,-
7 x bell	SKK 10, 000,-
8 x Christmas tree	SKK 50, 000,-
9 x gift	SKK 100, 000,-
10 x snow flake	SKK 500, 000,-



Development of receipts during the period of sale

year	receipts in SKK	sale in pieces
2006	41, 655, 000	416, 550

## 8.1.4. INTERNET Gambling GAMES

Internet games are gambling games operated exclusively per Internet network and only on official pages [www.tipos.sk](http://www.tipos.sk) and [www.tipclub.sk](http://www.tipclub.sk) or [www.tipklub.sk](http://www.tipklub.sk). A player who joins Internet games is compulsory registered and consequently he creates player's account on the registration and payment portal of a provider where from he pays for wagers into Internet games and where he is paid out prizes. Transfers of financial means from a player's account into personal bank account is done by a player through standard commercial banks.

Types and sorts of Internet games:

- a) Internet game e-KURZ
- b) Internet games TIPCLUB, consisting of games :
  - ba) Internet game „e-KENO“
  - bb) Internet game „e-TIPOS“
  - bc) Internet game „Magic Fish“
  - bd) Internet game „Golden Island“
  - be) Internet game „e-KLUB KENO“
- c) Internet games e-Casino, consisting of games:
  - ca) Internet roulette
  - cb) Internet blackjack
  - cc) Internet poker
  - cd) Internet winning devices (three cylinder and five cylinder)
  - ce) Internet game „e-Texas Hold'em Poker“ (e-THP)



- an internet fix-odds betting for sport and social events;
- launched in February 2005, till December 2005 the name of the game was TIPKURZ;

*Wagers and prizes of Internet game e- KURZ:*

Year	Wagers	Prizes	Share for prizes %
2005	SKK 220, 201, 470	SKK 190, 227, 730	86,39
2006	SKK 326, 501, 840	SKK 287, 931, 104	88,19

## e-KENO

- launched in October 2002
- a number lottery ,where a player bets 10 numbers, 20 numbers are drawn out of 80 numbers;
- a choice of bet is done manually by option of numbers from the playing board or automatically by random bet, drawing of numbers is done by a generator of random numbers;
- a wager is 5,- points (SKK) for one bet and one drawing, the wager is limited by the maximum sum on the player's account,
- Prize table:

Number of mattes	Prize
4	SKK 5
5	SKK 10
6	SKK 50
7	SKK 100
8	SKK 500
9	SKK 5, 000
10	SKK 50, 000

*Wagers and prizes of Internet game e-KENO:*

Year	Wagers	Prizes
2002	SKK 25, 375	SKK 10, 365
2003	SKK 45, 140	SKK 17, 955
2004	SKK 64, 125	SKK 26, 426
2005	SKK 334, 580	SKK 136, 039
2006	SKK 140, 320	SKK 55, 870

## e-TIPOS

- launched in October 2002
- a game with symbols, the aim of the game is to reach 2 or 3 identical symbols consecutively;
- a wager is standard 5 points, it can be increased up to 10 points, a wager is limited by the current amount of the player's account,
- winning symbols and prize table:

Symbols	2 Symbols	3 Symbols
Big logo TIPOS	SKK 1,000	SKK 10,000
Dice	SKK 500	SKK 5,000
KENO bull	SKK 200	SKK 1,000
Bingo figurine	SKK 100	SKK 500
Playing card	SKK 50	SKK 200
Drawing ball	SKK 20	SKK 50
Small logo TIPOS	SKK 10	SKK 20

*Wagers and prizes of Internet game e-TIPOS:*

Year	Wagers	Prizes
2002	SKK 91,535	SKK 69,841
2003	SKK 416,350	SKK 323,120
2004	SKK 563,265	SKK 444,009
2005	SKK 2,471,385	SKK 2,013,795
2006	SKK 2,140,760	SKK 1,758,775

## MAGIC FISH

- an internet game is a simulation of standard scratch tickets in electronic environment;
- an electronic scratch ticket of a magic fish has 6 symbols, the prize is determined by three symbols;
- launched in March 2005;

*Wagers and prizes of Internet game Magic Fish:*

Year	Wagers	Prizes
2005	SKK 100,430	SKK 85,270
2006	SKK 275,800	SKK 237,260

## GOLDEN ISLAND

- an internet game is a simulation of standard scratch tickets in electronic environment with accumulated JACKPOT;
- a player on an island looks for a hidden map of a treasure, found map contains a scratch window where 6 symbols appear, the prize is determined by three identical numerals;
- launched in March 2005;

Wagers and prizes of Internet game Golden Island:

Year	Wagers	Prizes
2005	SKK 172, 400	SKK 114,040
2006	SKK 609, 400	SKK 413,910



- launched in February 2006;
- a number lottery of keno type, a player bets 1-7 numbers, 20 numbers are drawn out of 80 numbers;
- a choice of bet is done manually by option of numbers from the playing board or automatically by random bet, drawing of numbers is done by a generator of random numbers;
- a wager is 10 points for a bet and one drawing, maximum wager is 60 points and it is limited by current amount of a player's account;
- prize table:

Bet numbers	7	6	5	4	3	2	1
Number of matches:							
7	3000x						
6	100x	700x					
5	20x	30x	200x				
4	3x	5x	25x	55x			
3		2x	2x	5x	23x		
2				1x	2x	10x	
1							2x
0	1x						

Wagers and prizes of Internet game, e KLUB KENO:

Year	Wagers	Prizes
2006	SKK 6, 920, 430	SKK 4, 034,390

## Internet ROULETTE

- launched in May 2006
- an internet form of standard alive roulette, roulette gaming cloth with 37 numbers included 0;
- a choice of bet is done by a wager into standard positions (number, even, odd, low, high, dozens, columns, 4 numbers, 6 numbers, color etc.) on the roulette gaming cloth;
- a minimum wager is 20 points, graded by 20 points, a maximum wager is limited by current amount of a player's account;
- prize levels are multiples of a wager according the standard roulette matrix.

*Wagers and prizes of Internet game Roulette:*

Year	Wagers	Prizes
2006	SKK 688, 525, 380	SKK 670, 956,330

## Internet BLACKJACK

- launched in may 2006
- an internet form of a standard card game BLACKJACK;
- a game is played on the table with 7 gaming boxes in the shape of semicircle;
- a player plays against a croupier who offers particular cards under the direction of a player;
- a minimal wager is 20 points, graded by 20 points, a maximum wager is limited by the current amount of a player's account;
- prize levels are multiples of a wager according to standard Blackjack matrix.

*Wagers and prizes of Internet game BLACKJACK:*

Year	Wagers	Prizes
2006	SKK 273, 854, 430	SKK 265, 893,220

## Internet POKER

- launched in May 2006
- an internet form of a standard card game POKER;
- a player plays against a croupier always only in one gaming box, a game is played on a poker table;
- a minimum wager is 20 points, graded by 20 points, a maximum wager is limited by the current amount of a player's account;
- prize levels are multiples of a wager according to standard poker matrix.

*Wagers and prizes of internet game POKER:*

Year	Wagers	Prizes
2006	SKK 46, 548,360	SKK 44, 706.080



## Internet winning machines three cylinder and five cylinder

- launched in May 2006
- a standard three or five cylinder device with graphic symbols;
- a wager is 10 or 50 points;
- prize levels are multiples of a wager according to standard matrix formation of graphic symbols of a device.

*Wagers and prizes of internet games 3 cylinder and 5 cylinder machine together:*

Year	Wagers	Prizes
2006	SKK 3,791,410	SKK 2,906,700

## Internet game, e-Texas Hold'em Poker, (e-THP)

- launched in November 2006
- a specific type of a poker card game enabling two or more players to play against each other on a gaming table, so called multi poker;
- players can choose a gaming table, join an open table or to open their own gaming table;
- gaming tables vary according to maximum and minimum wager from 20 points up to 1,000 points;
- prizes are determined according to standard structure of poker games where a provider asserts the fee of obtained prize.

*Wagers and prizes of internet game, e-THP:*

Year	Wagers	Prizes
2006	SKK 7,416,958	SKK 7,260,745

## 8.1.5. NON-LOTTERY PRODUCTS AND SERVICE

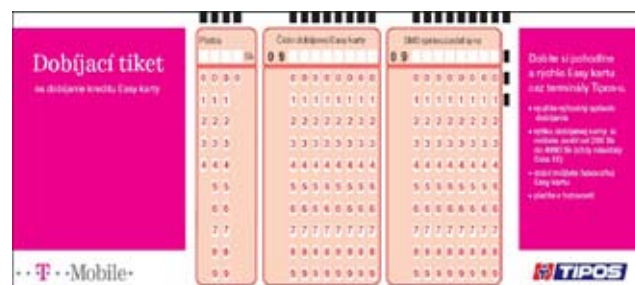
There are products and services which are not lotteries nor betting games and their sale or providing for customers don't obey the Act on lotteries or similar games. The company TIPOS, national lottery company, Inc. uses its technological facilities and business network for sale and providing those products and services.

### RECHARGING EASY CREDIT

Launch date: 24 February 2003

Description of the product:

- a service enables customers of mobile operator T-Mobile, Inc. Bratislava to recharge EASY credit of the mobile telephone SIM cards per online terminal in TIPOS sales outlets by cash payment;
- the credit price is from SKK 200 to SKK 4,990 (one step-SKK 10);
- recharging is done per filled recharging ticket or by direct orally dictating details to the service operator;
- the service is activated after 3 minutes (within 3 minutes possible cancellation) since imputing the data;
- a confirmation about recharging comes to the recharged telephone but also to any other telephone number of whatever mobile operator in SR in the form of SMS;
- the service provides for customers frequent actual bonuses to their credits.



Sales from recharging EASY credit, numbers of recharges and average sales per one recharging transaction:

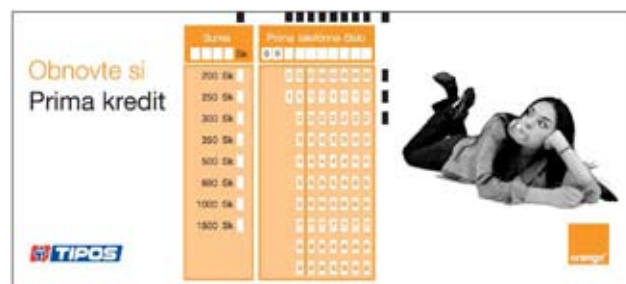
Year	Sales	Recharges in pieces	Average sales SKK/pc.
2003	SKK 175, 690, 250	696 475	252.26
2004	SKK 362, 568, 240	1 487 266	243.78
2005	SKK 425, 451, 890	1 830 216	232.46
2006	SKK 680, 390, 850	2 462 108	276.34

### RECHARGING PRIMA CREDIT

Launch date: 12 September 2005

Description of the product:

- a service enables customers of mobile operator ORANGE Slovensko, Inc. Bratislava to recharge PRIMA credit of the mobile telephone SIM cards per online terminal in TIPOS sales outlets by cash payment;
- the credit price is from SKK 200 to SKK 1,500 in eight different levels;
- recharging is done per filled recharging ticket or by direct orally dictating details to the service operator;
- the service is activated after 3 minute ( within 3 minutes possible cancellation) since imputing the data;
- a confirmation about recharging comes to the recharged telephone number in form of SMS;
- the service provides for customers frequent actual bonuses to their credits.



Sales from recharging PRIMA credit, number of recharges and average sales per one recharging transaction:

Year	Sales	Recharges in pieces	Average sales SKK/pc.
2005	SKK 51, 054,520	227 035	224.88
2006	SKK 380,972, 830	1 698 380	224.32

