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GAMING

I N T E R N A T I O N A L

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To: Lottery, Video Gaming & Racino Executives
Interested in Growth, Expansion & Added Success

Public Gaming Research Institute Inc.'s
International

MORNING REPORT

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COMPANY ANNOUNCEMENTS

INTRALOT WITH EGYPT POSTS. INTRALOT and Egypt Posts signed an important agreement concerning the development of a modern National Network for the provision of value added services and games organization. The project concerns the development and management of an integrated system with a communications network among all branches of Egypt Posts, to conduct financial transactions, such as payment of utility, taxes and credit card bills, ticket booking, driving registration issuing, etc. INTRALOT will install the on-line central system, based on LOTOS platform, which will include the management software, the telecommunications network and the terminals, in all Egypt Posts' branches and related points of sale. Egypt Posts currently have more than 3.400 branches all over the country, while the new company aims at expanding the network by increasing the number of points of sale to 10.000.

DEUTSCHE ENTERTAINMENT GROUP CHOOSES BOSS MEDIA. Boss Media has signed an agreement with Deutsche Entertainment Group, an established online gaming operator focusing on the European market, under the terms of which Boss Media will deliver a casino system during autumn 2005. Deutsche Entertainment Group currently operates two established Internet casinos: www.euro888.com and www.nordcasino.com. As a result of the agreement with Boss Media, another Internet casino will be added using the name www.kaisercasino.com.



JCM RECEIVES TEMPORARY RESTRAINING ORDER AGAINST MEI. In a first round legal victory for JCM American Corp., the court this week issued a temporary restraining order against Mars Electronics International (MEI) and MEI executive Thomas Nugent. The order prevents MEI and Nugent from divulging, using or misappropriating JCM trade secrets and proprietary information and from interfering with the business relationship between JCM and its customers pending a final decision in the action. The temporary restraining order came about as part of a complaint JCM filed against Mars Electronics International (MEI) and MEI executive Thomas Nugent alleging breach of an employee confidentiality agreement, misappropriation of trade secrets and interference with business causes of action and other allegations. Nugent was formerly a Vice President of JCM. Responding to the original action filed in New Jersey by MEI's parent company, Mars International, JCM responded in a filing requesting that the court order Mars to file a more specific statement of its allegations.



WA CHOOSES GTECH. GTECH has been selected by Washington's Lottery to negotiate a new long-term contract for a new online and instant lottery system, terminals, communications network, and ongoing services. The award follows a competitive procurement and is subject to the execution of a formal contract.



ARISTOCRAT'S PERSONALBANKER APPROVED. Aristocrat Technologies, Inc. announced that GLI has approved its new OASIS™ PersonalBanker® AFT cashless solution that allows players to download promotional credits, convert points to cash, and upload and download cashable credits to their PersonalBanker account at the gaming machine, significantly expanding casinos' ability to implement high impact marketing and promotions programs.



OH, VA SELECT SOLE SYSTEMS ORDERPAD. Cole Systems' Tablet PC-optimized mobile force automation software has been selected by the Ohio and Virginia State Lotteries. OrderPad Enterprise will now offer 175 licensees with the Ohio Lottery and 76 licensees with the Virginia Lottery the unique features and benefits of Tablet PCs such as easy-to-use digital ink and ink-to-text recognition. With their mobile sales representatives' ability to track data and communicate with headquarters through a single device, these lotteries can now efficiently synchronize all communications to a central location. OrderPad Enterprise is already the mobile sales automation software of choice for the New York, Indiana, Pennsylvania and Kentucky lotteries.



PEOPLE

The Manukau Institute of Technology Rookie Marketer of the Year for 2005 is **Rosa Jacobsen**, assistant product manager – Lotto Suite and Keno – at New Zealand Lotteries. Rosa Jacobsen took the Award ahead of two other finalists for her strategic abilities as much as her strong implementational skills.



Wyevale Garden Centres PLC has appointed **Dianne Thompson**, the chief executive of U.K. National Lottery operator Camelot Group PLC, as a non-executive director. Ms Thompson has been Chief Executive of Camelot since December 2000. Thompson's previous appointments include Marketing Director for the Signet Group, Director of Marketing for Woolworths and Managing Director of Sandvik Saws and Tools. Chairman, David Williams commented:

Youbet.com, Inc. announced that **Gary W. Sproule**, 55, the Company's Chief Operating Officer, has been appointed to the position and title of Chief Financial Officer. Mr. Sproule, who joined Youbet.com as Chief Financial Officer in May

2002 and has served as Chief Operating Officer since May 2004, is replacing Charles Bearchell, who served as Chief Financial Officer since May 2004.



VIDEO GAMING/RACINOS

IGT LAUNCHES PROGRESSIVE IN NY. The first lottery progressive games in New York gaming are now available at five New York Lottery Video Gaming Facilities. IGT's local progressive SPAM(TM) video game was installed at Fairgrounds Gaming and Raceway, Batavia Downs Gaming, Mighty M Gaming at Monticello Raceway, Finger Lakes Gaming & Racetrack, and Saratoga Gaming & Raceway. The progressive top award builds from a base of \$1,000 and increases respectively every time a SPAM(TM) machine is played. When the top award is won, it is paid to the winner in its entirety. SPAM(TM) is a 2-cent game with a 125-credit max bet. Its play is patterned after the famous canned meat product. The five gaming facilities are operated under the direction of the New York Lottery.



GTECH SELLS SHARE IN TURFWAY. GTECH Corp. has sold its one-third interest in Turfway Park to partners Keeneland Association and Harrah's Entertainment Inc. Both companies now own 50% of the Florence, Kentucky, track. GTECH, Harrah's, and Keeneland purchased Turfway for \$37-million from Jerry Carroll in early 1999. Terms of the buyout were not disclosed.



VIDEO LOTTERY OPPORTUNITY

Operator wanted for video lottery salon in Guatemala. For details, e-mail: duaneburke@aol.com.



CHECHNYA'S MACHINES SHUT DOWN. Acting Chechen Prime Minister Ramzan Kadyrov has ordered all gambling outlets to shut down. The decision was made last week after Kadyrov met with Chechnya's Muslim clergy. It is estimated that more than 1,000 mini-casinos are operating unregulated, untaxed gaming machines in the country.

LOTTERY NEWS



SALES AND REVENUE CLIMBS IN MD.

The Maryland Lottery closed its fiscal year breaking several records once again. Total sales reached a record \$1.485 billion and revenue generated for the State reached a record \$477 million, topping last year's record by nearly \$19 million. Though sales in most categories continued to climb, specific games finished the year with tremendous gains. Keno and Keno Bonus, combined, experienced this year's biggest sales increase at nearly 17%, while Mega Millions produced a substantial sales increase of 10%. Sales of Pick 3 and Pick 4 combined

increased by more than 9%, bringing in an additional \$21.6 million. Total scratch-off ticket sales grew by 10%, resulting in an additional \$36 million in sales. Extreme Cash was the Lottery's top-selling scratch-off ticket this year.



RECORD YEAR FOR MN. Record Minnesota State Lottery ticket sales of \$408 million in FY '05 generated a record \$106.18 million for State projects and programs including the General Fund and the Environment & Natural Resources Trust Fund. Since its inception, the Lottery has raised \$1.3 billion for Minnesota. *The overall increase in sales was due to a 17.5% increase in Scratch Games, representing \$37.7 million, offsetting a 9.7% decline in overall Online Game sales. The decrease in Online Game sales was due primarily to the decline in Powerball® sales that resulted from lower than normal jackpots caused by a record 16 jackpot wins. Operating costs, already down 27 percent in fiscal year 2004 compared to the previous year, were reduced an additional 2.6 percent in fiscal year 2005.*



NM REPORTS 2nd BEST YEAR. Strong sales of in-state games helped drive the New Mexico Lottery to its second-best year of sales. Sales of all games exceeded \$139 million, while net revenues earmarked for the Lottery Success Scholarship program were \$32.2 million, topping \$30 million for the third straight year. Instant ticket sales surpassed \$90 million in one year for the first time. In-state online game Roadrunner Cash exceeded \$9 million, an all-time high for this eight-year-old game. Newly introduced 4

This Way! combined with Pick 3 to exceed last year's Pick 3 sales by 41 percent for a total of just under \$3 million. All financial data for fiscal year 2005 are preliminary and unaudited.

ND TRANSFERS \$7.2 MILLION. North Dakota's three lottery games have raised \$7.2 million for the state treasury since Powerball sold its first ticket in March 2004, the state's lottery director said. North Dakotans bought \$24.9 million worth of tickets in 15 months. North Dakotans bought \$18.9 million worth of Powerball tickets during the period. The Hot Lotto game, which began June 24, 2004, registered \$4 million in ticket sales, while Wild Card 2, sold \$2 million in tickets.

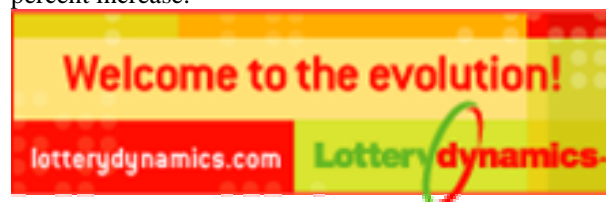


Creative Games International

RECORD YEAR FOR VIRGINIA LOTTERY. Fiscal year 2005 proved to be another record setting year in sales and profits for the Virginia Lottery. FY05 sales totaled \$1.334 billion, surpassing the previous sales record set last year by \$71.5 million. Sales were driven by Pick 4 (+8%), Scratchers (+8%), Pick 3 (+5%) and Mega Millions (+4%). Pick 4, Scratchers and Mega Millions all had record sales this year, while Pick 3 had its second highest sales year ever. The biggest winner, however, is Virginia public education (K-12). Lottery profits totaled \$423.5 million, an increase of \$15.5 million, all which will benefit public schools throughout the Commonwealth. FY05 is the seventh consecutive year that Virginia Lottery sales and profits have increased. **all figures are unaudited*



RECORD YEAR FOR WV. The West Virginia Lottery had record sales in the fiscal year that ended June 30 with revenues of \$1.399 billion, up 7.3 percent over the 2003-04 budget year. Racetrack video lottery accounted for \$894.5 million, up 4.6 percent. Video lottery in bars and clubs saw the most rapid growth, at 28 percent, to \$310.32 million. The state's net profit for all lottery games was \$563 million, up 10 percent over 2004-05. As of June 30, there were 19,758 video slot machines in West Virginia, with 11,799 at the state's four racetracks, up 9 percent from June 30, 2004. There were 7,959 video terminals at bars and clubs, a 17 percent increase.



2005 IS WI SECOND BEST YEAR. The Wisconsin Lottery reported its second highest sales ever in FY '05. The Lottery's \$451.9 million in sales is second only to FY '04's figure of \$482.9. The majority of the dip in sales between

the two years is attributed to smaller Powerball jackpots that resulted in a \$28.7 million drop in sales.

SAZKA PROFITS GROW. In the first half of 2005, SAZKA generated net profit in the amount of 965.5 million CZK (EUR 32 million). Thus, the after-tax profit of the company grew by more than 60 million crowns (7%, EUR 2 million) in comparison with the first half of 2004, when the company achieved the highest profit in its history (902.4 million CZK, EUR 29.9 million). Other economic indicators also increased, including the part of proceeds contributed by SAZKA, a.s., under the law to good causes (particularly to physical education and sports), which grew by 15.9%. These successful results of the first half of 2005 were based mostly on the increase of revenues from lotteries and betting activities.



HUNGARIAN REVENUE RISE. Helped by two multi-week rollovers of its pick five game, Szerencsejáték Rt, the national lottery in Hungary, paid HUF 27.4 billion into the central budget in the first half of the year, 20% more than in the same period in 2004, and 15% more than expected. Szerencsejatek had first-half revenue of HUF 65.3 billion, 16.6% more than in the same period in 2004 and 14.2% over the target. Two big jackpots which accumulated after weeks of rollovers generated interest in other Szerencsejatek games as well as the pick five. The pick five generated 42.5% of Szerencsejatek's revenue, its pick six game accounted for 14%, the Scandinavian lottery game for 11% and its Tippmix game for 8.5%.



MAHARASHTRA LAUNCHES FOUR NEW GAMES. The Government of Maharashtra (India) has launched four new lottery games, Mega Lotto, Mini Lotto, Cards and Best Two, under its Meggawin online lottery brand. The lottery is being marketed through its marketing agent, Martin Lotteries, which anticipates that the weekly games, priced between Rs5 and Rs10, will garner sales of Rs2.5 billion.



MUSICAL LOTTERY IN CHINA. Lottery players in Shanghai are listening for the sound of three lucky tunes, as a new musical game launched on August 1. A special computer will be set up at the largest lottery market in the city, and it will have 1,000 musical scores entered into its

hard drive. For each draw, the computer will pick three pieces of music, which a specialized piece of software will convert into three winning numbers between zero and nine. Draws will be held every 30 minutes from 10am until 9:30pm. Tickets for the lottery will sell for 2 yuan each, and the biggest prize for each draw will be 1,000 yuan (US\$123).

LOXLEY GTECH SIGNS WITH GLO. Thailand's Government Lottery Office formally signed a contract with Loxley GTECH to install an online lottery system nationwide. Loxley GTECH will be installing 12,000 terminals within 18 months. Authorities declined to specify the value of the overall concession, which will offer payments to Loxley GTECH based on lottery sales through the online system over a five-year period. The GLO's existing two-and three-digit lotto games currently generate sales of around 2.2 billion baht for each drawing, or 4.4 billion per month. Once the terminal network is up and running the GLO plans to scrap its existing 2 and three digit games in favor of the new electronic lotto.

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SMART-Tech 2006 CONFERENCE

And

EXPO/ILAC 2006

INTERNATIONAL CONGRESS

SMART-Tech and EXPO/ILAC will be back in Las Vegas again next year, by popular demand, in February and July, respectively. The 2005 meetings at the Bellagio were more successful than ever and most who attended expressed their appreciation for this new venue for these annual PGRI conferences.

We are in the process of choosing hotels for next year's meetings and expect to be able to announce the specific dates and hotels for 2006 in August.

For those of you who attended this year, thank you, we appreciate your participation. We hope that you will join us again in 2006.