

CONTRACT ANNOUNCEMENTS

2004

Leeward Islands Lottery, Antigua
Emerald, Custom Alphabet Machine

Shangai Welfare Lottery, China
Saturn

LOTELHSA, Honduras
Saturn

Playwin, India
Gem

Videocon Int. Inc., India
Gem, Saturn

Ireland
Electronic Bank Vault, Messenger

Supreme Ventures, Jamaica
Custom Revolution

Kookmin Bank, Korea
Custom Halogen

Lotto Corp., Korea
SuperBingo

Kuwait Football Association
Precision Prize Wheel

Norsk Tipping
Custom Halogen

Philippine Gaming
Standard Daily

Freeport Leisure Mgt., Portugal
Custom Halogen

Azis Ent. Ltd., Russia
Saturn

Singapore Pools
Halogen, Magnum

Ukraine
Mutipick

Sports & Entertainment Network, Vietnam
Standard Daily

USA

New Mexico
Origin Digital Draw System

New York
Keno Criterion, Multipick

Lottery Tennessee
Revolution, Saturn

Smartplay International
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Southampton, NJ 08088 USA





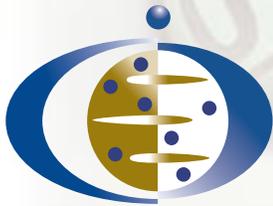
SMARTPLAY INTERNATIONAL, INC.

QUARTERLY UPDATE

FALL 2004

SMARTPLAY CATERS TO DEMANDS OF DISTINGUISHED CLIENTELE

In eleven years, Smartplay has launched and supported the drawing operations of numerous leading lotteries. This QUARTERLY UPDATE commemorates the firm's continuing supportive role, and celebrates the growing prestige of its worldwide client base.



WORLD LOTTERY
ASSOCIATION **WLA**

As the industry embraces rigorous standardization, Smartplay continues to meet client demands with increasing sophistication in fabrication, creative approach and after sale service. Per the WLA (World Lottery Association) website, *www.world-lotteries.org: Setting international benchmarks for the lottery industry is one of the objectives of the World Lottery Association. WLA security certification offers an independent assurance that a lottery company has an effective risk management control structure and has developed a logical, physical and procedural security system to protect corporate assets. In all, there are 93 standards covering 13 different aspects of the company's operations.*

Smartplay serves seven of the esteemed lotteries currently certified by WLA. Five other Smartplay clients are considering certification.

Recently, Smartplay provided a custom Halogen™ to WLA-certified Norwegian lottery, Norsk Tipping. Commissioned to revamp their lotto presentation, the unique machine is a collaborative effort of the lottery and Smartplay. The machine supports the display of a wide



NORSK TIPPING



*Norsk Tipping Chairman and CEO Reidar Nordby, Jr.
with the new drawing machine*

array of winning/bonus number combinations. Lotto and bonus balls roll down independent trails, criss-crossing for display at the bottom.



The original Halogen™ was designed for Camelot Group plc, National Lottery, UK, also WLA-certified. Commissioned in '99, to launch their ThunderBall game, the model has gone on to serve numerous other lotteries, including fellow WLA member, California Lottery, and the world renowned MultiState Lottery (PowerBall).

WLA-certified An Post, National Lottery, Ireland is a long time client of Smartplay. After using a Beitel Criterion© for more than ten years, An Post updated their lotto presentation last year, with



Smartplay's new Criterion II. An Post sought an updated look, yet felt it essential to preserve the basic familiarity of the presentation. The Criterion II™ offered the perfect solution.



WLA member Uthingo, operator of the National

Lottery of South Africa followed suit. Having launched the National Lottery with a Beitel Criterion in '99. They have since upgraded to Smartplay's Criterion II.



Uthingo's Criterion II in its bold South African colors.



In Luxembourg, WLA certified Loterie Nationale has a Smartplay wheel as the centerpiece of their Picco Bello game show. The custom wheel, provided in 2002 is unique in

design, with a wheel spinning in one direction, and a counter-rotating pointer. Lighting follows the spin of the wheel, as the prize segments illuminate in a chase pattern. The aesthetics of the wheel are married with the high tech sophistication of the Picco Bello set.



Foster Krupa, Marketing and Instant Product Manager, New Jersey Lottery, poses with the custom Saturn.



In the USA, WLA member New Jersey Lottery recently contracted with Smartplay for the provision of a custom Saturn machine to update the Jersey Cash 5 game. The air mix machine features a base cabinet, designed to complement the game logo.

How More Than 100 Lotteries Pick the Winning Numbers



Smartplay serves over one hundred clients worldwide, including several WLA members. Visit our web site: www.smartplay.com for a more detailed map and client information.

NEW MEXICO CONVERTS TO ORIGIN™ DIGITAL DRAW SYSTEM

At the North American State and Provincial Lottery Association (NASPL) 03 conference, Smartplay introduced its Origin™ digital draw system. With the first domestic bid opportunity, the firm was awarded a contract to supply the system to New Mexico Lottery Authority (NMLA).

What may seem like almost instant success can be attributed to Smartplay's extensive research and development and common sense approach. The Origin was designed with Operations/Security in mind, so it's easy-to-use, secure, and packed with capability.

When asked, "Why shouldn't we just buy an off-the-shelf random number generator?" Smartplay differentiates the Origin as a complete digital drawing system with independently certified code. The code is reviewed, audited and certified by Secure Software of Chantilly, Virginia, www.securesoftware.com.

Specializing in integrity/security checks of both application and systems, Secure Software's principals have written acclaimed books about proper methods for secure coding. The Origin system also employs modules meeting the Federal Government standard FIPS 140-2 for the implementation of cryptographic modules.

Executive Vice President, Tom Markert refers to the system's substantive hardware approach. "Distinguishing the hardware," he says, "is the use of dual, hardware based random number generators. Numerical data derived from the RNG units is subsequently processed through secure algorithms, to provide the absolute highest level of unpredictability." Smartplay's approach compares to the more common pseudo random number generation, which originates with a singular seed number.

Smartplay installed NMLA's system in July and returned to support the lottery in a press conference, August 19. Following negative press surrounding the recent introduction of computer generated draws in Indiana and Missouri, lottery executives had decided to take a proactive stance by inviting the media for an information sharing session. General information regarding Smartplay's previous service to the lottery, security of the Origin system, and the impetus to switch to a computerized draw was shared with the media.



Left to right, Tom Romero, NMLA Executive VP, Security; Tom Shabeen, NMLA CEO; and Tom Markert, Smartplay Executive VP at August 19 Press Conference announcing conversion to Origin™ digital draw system.

At the press conference, Tom Romero, NMLA's Executive Vice President of Security stated, "The automated drawing system provides a combination of modern computerized efficiencies with extensive human oversight. A member of the lottery's security draw staff and an independent auditor must operate the equipment. Every move is logged by the computer or monitored by closed-circuit camera. All lottery drawings have been open to the public since we began in 1996, and that access will continue."

Since installation, lottery personnel have been training on the system. The first live draw utilizing the Origin system is planned for September 27.

In October, Smartplay looks forward to demonstrating the **Origin system**, including recent security and graphic enhancements, at **NASPL 04** in **booths 28 & 29**.

Origin Security:

- **Evidentially admissible keystroke/activity logs**
- **Dual log-in operational requirements**
- **Automatic archiving of draw results and logs, exported in print or CD**
- **RNG server housed in secure, sealed, alarmed chassis, with no outside connection**
- **"Read-Only" code cannot be manipulated**

Origin Capability:

- **Live Feed**
- **Independent compilation of secure, animated production**
- **Distribution via various media formats**
- **Easy to use Animation Catalog**
- **Pre-show tests, live draw, post-show tests recorded on DVD**
- **Real Time NIST-FIPS 140-2 encryption analysis**