

CONTRACT ANNOUNCEMENTS SPRING/SUMMER '03

Loto Québec, Canada
Custom Prize Wheels

Apollo, India
Saturn, Gem

Playwin, India
Saturn, Gem

Sunshine Lottery, India
Revolution

Supreme Ventures, Jamaica
MegaGem

OTT, Morocco
Saturn

La Grande, Peru
Custom Saturn, Orbit

Philippine Gaming Management
MegaGem

Sierra Leone
Custom Saturn

USA

California Lottery
Fantasy 5
Custom Game Show Equipment

New Jersey Lottery
Saturn

Lotería Electronica, Puerto Rico
Multipick "3"

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SMARTPLAY INTERNATIONAL, INC.

QUARTERLY UPDATE

SPRING/SUMMER 2003

10 Year Old Smartplay Offers Best of All Worlds



Chris Burke, left, formerly of Atlantic Lottery, confers with Smartplay President, David Michaud about the Origin™ system. Mr. Burke has been contracted to manage the development of the product, with special emphasis on user interface.

This April, Smartplay celebrated ten years as a leader in the manufacture of mechanical drawing equipment. The firm continues to supply the world's leading lotteries with ball machines, prize wheels and custom game show equipment. Despite last year's record sales, however, Smartplay recognizes an industry trend toward computerized technology, and has expanded their product line to satisfy demand.

Lotteries are challenged to preserve player confidence, while keeping the presentation fresh to attract new players. Familiarity is key, and many would agree that the drawing ball is the most recognizable icon of the industry.

Accordingly, Smartplay's clients are often reluctant to completely part with the real thing, in favor of computer generated graphics. In September, at NASPL, Smartplay will introduce the *Solution™*, an automatic number recognition

system, which the firm touts as *combining the best of both worlds*, traditional and techno-savvy.

Per Smartplay President David Michaud, the driving force [to develop the system] was having received inquiries from clients in search of a reliable means to validate winning numbers.

The Solution, he says, is designed to fortify security and enhance the presentation of traditional drawing equipment, with the latest in validation and computer generated graphics technology.

If desired, real-time graphics, instantly triggered by ball selection can enliven the broadcast. A split screen can show drawing machine and graphics. Smartplay sees this as the perfect balance to preserve confidence in the method of the draw, and enhance the presentation.

The system, says Michaud, has been designed with security in mind. Password entry is required. Each solid rubber ball is imbedded with a chip, with a 14-character alphanumeric signature, to ensure accurate identification. The chip is also encrypted with identifying information such as the date of manufacture and a ball set number. The product also carries FCC, CE approvals, R and TTE Directive 99/5/EC.

During the *Solution's* two-year R&D period, Smartplay solicited input from clients. Over time, those having initially dismissed the product as "not right for their market" began to consider the merits of the system. In June, at the AELLE show in Prague, the firm met with several clients now leaning toward a retrofit of their Beitel/Smartplay equipment.

To answer the need for number recognition in air mix equipment, Smartplay has developed a companion product. *Solution II* digitizes the printed numbers on table tennis drawing balls. Says Linda Turner, V.P. Sales, "This is a logical complement to our air mix *SuperBingo™* model, which is designed for back to back keno and bingo operations. We anticipate this to be the greatest application for the number recognition system."

Per Turner, investment in the *Solution* system represents about one third of the cost of an average lotto set up. Smartplay can also retrofit existing machines, during routine maintenance service. Total package price will vary according to the location

and number of machines involved.

For the NASPL debut, Smartplay is developing standard animation for lotto, keno and single digit games. The firm also expects to work with clients on an hourly basis, to customize graphics to suit their marketing agenda.

To further expand the product line, Smartplay has invested significantly in the development of a computerized, random number generator. The *Origin™* system is unique in that it generates truly random numbers, from a quantum physics random number source. With no cryptographic or statistical weakness, the *Origin* does rely upon a seed to start an algorithm.

With the newly expanded product line, Smartplay is poised to supply its clients with the Best of All Worlds. To learn more about these products, write to info@smartplay.com

Origin™ Random Number Generation

Maximum Security

On the leading edge of technology the *Origin* system combines the security of the traditional draw with the flexibility to easily change the gaming matrix.

- Complete activity log of all computer actions while it is operating
- Requires dual authentication for all draws
- Ability to track the statistics for each number in the draw
- Reads the fingerprints of all personnel for confirmation
- Uses hardware based random number generation (no pseudo-generation)
- Runs self diagnostics checks

Lower Costs

Video from the draw can be streamed to the lottery web site. Eliminates maintenance and security costs associated with mechanical drawing equipment.

- Television studio
- Able to create new gaming matrixes quickly
- Air time
- Show host
- Ball maintenance and replacement

Custom Animation

Our team will work with your advertising and marketing staff to create top quality tailored graphics to:

- Launch new games
- Introduce promotions
- Unique graphics for your lottery; no cookie cutter graphics

SOLUTION I, II NUMBER RECOGNITION SYSTEM

(Compatible with table tennis and rubber ball machines)

Maximum Security

Combining the best of both worlds, the Solution fortifies the security and enhances the credibility of traditional drawing equipment, with the latest in validation technology.

The operations log can record information, such as:

- Valid winning number results; eliminates chance of misread numbers
- Date
- Machine operator
- Draw machine number
- Ball set identification

Lower Costs Without Losing Sales

Video of the traditional draw can be directly streamed to the lottery web site. If desired, real-time graphics, instantly triggered by ball selection can enliven the broadcast. A split screen can show drawing machine and graphics. No sacrifice to player confidence, regarding method of the draw!

Eliminates cost of:

- Television studio
- Air time
- Show host

Reduces costs:

In the case of televised broadcast, production costs are significantly reduced.

Modernized Image at Minimal Cost

Existing Smartplay equipment (Halogen, Criterion, and Magnum models) can be retrofitted with the Solution. All of the air mix models can be retrofitted with Solution II. Update your presentation by adding computer-generated graphics without costly changes to:

- Security procedures
- Operational procedures

Custom Animation

Our team will work with your advertising and marketing staff to create top quality, tailored graphics to:

- Launch new games
- Introduce promotions
- Create a unique identity for your lottery; no cookie cutter graphics

Direct Relay of Results

Number output signal can be directed to various outlets:

- LED posting board
- Lottery web site or broadcast television
- On-line computer center
- Interface with computer graphics

SMARTPLAY EXPANDS CLIENT BASE IN INDIA

Smartplay has provided fully automatic equipment for the late August launch of Sunshine India Lottery. Modi Enterprises through its subsidiary, MWC Market Services Ltd. has invested two years of planning into the project.

MWC plans to distinguish the lottery with games and drawing equipment, entirely new to the Indian market. Smartplay's Revolution™ model was delivered to Mumbai in mid August, where the manufacturer conducted a training seminar.

Operations will be held in the state of Manipur, where the license is held. The lottery will boast a network of 8,600 online lottery retail terminals at retail outlets across 13 states in the country. Integrated Technology Solutions Pvt. Ltd (ITSPL) has been appointed as distributor.

Elsewhere in India, Smartplay equipment serves the multi-jurisdictional operations of Playwin Intravest Pvt., Martin Lottery Agencies, Ltd., and the State Lottery of Haryana. Smartplay is also in negotiation to provide equipment to another lottery, planning to launch in late summer.

The Draw Management team of India's new Sunshine Lottery celebrates the arrival of their Revolution™ machines.



CUSTOM SATURN™ CONTRACTED BY SIERRA LEONE



A. Dizo-Kamara, Interim Head, Sierra Leone State Lottery (left) discusses his drawing ball order with Nino Stella, Production Supervisor.



This custom Saturn™ machine, contracted by Sierra Leone, is quite versatile. All 90 drawing balls can be drawn for display on the front of the unit.