QUARTERLY UPDATE

SPRING 2002

WHERE IN THE WORLD IS SMARTPLAY?

Via the Internet, Smartplay is frequently asked, "What sort of technical support can you provide to clients abroad?" The answer is that Smartplay's service approach is quite flexible. The firm routinely provides varying levels of service, depending upon client needs. From comprehensive maintenance visits, to telephone assistance, Smartplay displays steadfast dedication to technical support.

In the U.S., Smartplay regularly contracts with eighteen state lotteries (including Puerto Rico and the Virgin Islands) to provide maintenance on an annual or semi-annual basis. With an expanding international clientele, travel abroad continues to increase exponentially.

Smartplay reports that the new corporate website, www.smartplay.com is attracting a more sophisticated buyer. Per V.P. of Sales, Linda Turner, "The Internet allows buyers to compare products and service as never before, and they do so with intensity. We welcome the opportunity to confidently respond to the discerning buyer, with an unmatched record of international service."

Service Manager, Randy Craft coordinates most of the service visits, scheduling himself, and eight other technicians to answer calls in the field. In order to perform off site a Smartplay technician must be proficient in a variety of areas, including acrylic fabrication, mechanics, electrical, and sometimes programming. Craft reports that in the last two years, Smartplay technicians have visited over fifteen countries, including China, Colombia, Israel, Norway, Peru, Russia, Singapore, South Africa and the Ukraine.

In addition to maintenance service calls, Smartplay offers installation. This service has been of particular benefit to clients having purchased elaborate, custom game show equipment.



Maurice Nolan, Brendan McGrenra and Eddie Banville of An Post, operator of National Lottery, Ireland pose with Tom Markert, Smartplay

As pictured above, Smartplay recently installed a trio of game show machines for An Post, operator of the National Lottery Ireland. Executive V.P. Tom Markert performed the installation and comments "With custom projects in particular, the capacity to customize equipment and operational programs on-site makes the difference between satisfying a client and exceeding expectations."

Such was the recent case in Ireland. During installation, the artistic director requested a "real time" link between the action of the game and the planned studio sound effects. Markert worked with the sound and electrical engineers to achieve studio sound effects activated by the game balls striking sensors within the machine. "Working with the client on creative problem solving is what I enjoy most about my job," says Markert.

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Smartplay also offers operational training during installation. This service is often requested with the delivery of high-end programmable models, such as the Halogen. Smartplay President, David Michaud is a veteran in this realm.



After installation and training, Smartplay President, David Michaud poses with representatives of National Lottery, Ukraine and Magnum^o model. From left to right, Vladyslau Zozulya, David Michaud, Victor Boyko, Igor Kolyhalov, Victor Tkachenko, host in rear.

Installation and training visits have taken Michaud around the world. In addition to ensuring the client a high comfort and competence level, Michaud believes that the visits are valuable to Smartplay. "Service calls provide continual exposure to international lottery operations. When visiting a client's facility, we're able

to see what works and what doesn't. This is a competitive edge, when a client requires assistance in developing or revamping their procedures," says Michaud.

Smartplay
also offers free
operational training
to clients who
come to Smartplay
to inspect their
equipment, prior
to shipment. To date,
the firm has received



Smartplay has recently contracted with National Lottery, Ukraine to provide two SuperBingo^o machines. Installation/operational training will be provided.

representatives from China, Colombia, India, Ireland, Israel, Poland, South Africa, the United Kingdom and the United States.

MISSOURI LOTTERY LAUNCHES FUN & FORTUNE, TOP PRIZE WON TWICE!

On July 26, Missouri Lottery introduced the Fun & Fortune wheel spin. The new event, held every fourth Friday, is an add-on to a \$2 Fun & Fortune scratch game.



The Fun & Fortune ticket offers ten chances to win per play, including a \$20,000 instant prize, or the chance to spin the wheel at Lottery Headquarters in Jefferson City. With the wheel's introduction, the top prize of \$250,000 was won by each of the first two players. Gary Gonder, Missouri Lottery's Director of Communications said "It was unbelievable. The odds of that happening are astronomical. But we are very happy for our players, and it was a great way to kick off this new event."

The fifty-segment prize wheel was designed and manufactured by Smartplay. Befitting the whimsical spirit of Fun and Fortune, it is crowned with colorful light boxes, which flash possible prize amounts ranging from \$2,500 to \$250,000. The player's actual winnings are determined by a bouncing rubber ball, which settles on one prize segment. For more information about Fun and Fortune, and to view a wheel spin video, visit www.molottery.com

LOTO-QUÉBEC'S TELE TAC O TAC, FUN AND EASY!

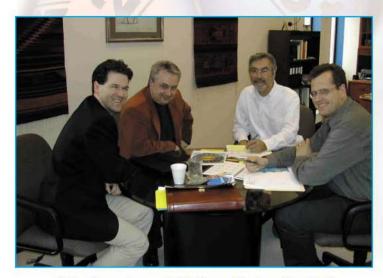
Loto-Quebec's new \$2 instant game offers a chance to win cash prizes, and up to \$200,000 can be won on camera! TV contestants have a reported 1 in 3.2 chance of winning \$100,000 or more.

The fun begins with a \$2 scratch ticket. Possible instant prizes range from a free ticket to \$5,000.

How does it work? Game 1: Reveal 3 identical symbols, win the corresponding prize. Game 2: Reveal 3 identical prizes, win that prize. Or, if the scratch results in a trip to the TV studio, the player will take on the Tac O Tac game board.

The board, is comprised of three slots on top and six prize squares at the bottom: \$5,000, \$10,000, \$15,000, \$20,000, a \$35,000 vehicle, the \$100,000 grand prize.

First, the contestant picks a prize square, and marks it with a star. He then inserts a ball in one of three slots at the top of the board. The ball drops, bouncing off



A planning session was held at Smartplay to confirm details of Loto-Québec's Tac O Tac board.

From left to right: Jean Tremblay, Televised Drawing Manager, L.Q., Jacques L'Espérance, Product Manager, L.Q., David Michaud, President, Smartplay, Tom Markert, Exec. V.P., Smartplay.



Loto-Québec's Tac O Tac board is one of many Pachinko style game boards made by Smartplay.

spinners and posts, to settle upon one of the six squares below. With the first play, the following scenarios are possible:

If the ball lands on the square marked with the star, the contestant keeps this prize and plays again, with the second prize being added to the first.

If the ball lands on one of the five squares not identified with a star, the contestant opts to either retain the designated prize or to play again for another chance to win. However, if the contestant replays, the first prize is sacrificed and the player wins the prize determined by the second ball.

Tac O Tac is one of several Pachinko type game boards, which Smartplay has provided to the industry worldwide.



CONTRACT ANNOUNCEMENTS SPRING 2002

Fundacion Lotto pa Deporte Aruba

Saturn, Revolution

Treasury Department, Belize **Gem**

Loto Quebec, Canada **Custom Plinko Machine**

Shanghai Welfare Lottery. China

MegaGem, Saturn

India, Haryana State Lottery **Gem**

> India, Playwin **Gem**

India, Technoserve Criterion

Ireland, National Lottery

Custom Pinball Wizard Trio,

Criterion II

Supreme Ventures, Jamaica
Onyx, Emerald

Pacific On Line Systems,
Philippines
Gems

National Lottery, South Africa Criterion II

National Lottery, Taiwan SuperBingo®, Gems

National Lottery. Ukraine SuperBingo National Lottery, United Kingdom **Halogen**

USA.

D.C. Lottery & Charitable Games Commission

Control Console

Illinois

Standard Daily

Missouri

Custom Prize Wheel

New Mexico **Gems**

Puerto Rico, Lotería Electronica Multipick "2", Multipick "4", Criterion

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