ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ

Financial Statements

31 December 2010

ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ

Financial statements

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Company information

Board of Directors:	Ioannis Spanoudakis (President) (Appointed on 17 December 2010) Charalambos Stamatopoulos (President) (Appointed on 3 February 2010 and resigned on 16 December 2010) Christos Hadjiemmanouil (President) (Resigned on 3 February 2010) Andreas Efstathiades (Appointed on 3 February 2010) George Kyriakos (Appointed on 3 February 2010 and resigned on 15 September 2010) Asterios Lachanas (Appointed on 3 February 2010) Ilias Myrianthous (Apppointed on 3 February 2010) Venetsanos Rogkakos (Appointed on 3 February 2010) Isidoros Makrides (Resigned on 3 February 2010) Constantinos Kollias (Resigned on 3 February 2010) Zacharias Kyriakou (Resigned on 3 February 2010) Constantinos Papadopoulos (Resigned on 3 February 2010) Charalambos Stylianou Nikolaos Zachariades (Appointed on 1 October 2010)
Company Secretary:	Maria Kanari (Resigned on 3 February 2010) Elena Pantziarou (Appointed on 3 February 2010)
Independent Auditors:	Grant Thornton (Cyprus) Ltd Certified Public Accountants (Cy) 41-49 Agiou Nicolaou Street Nimeli Court, Block C P.O. Box 23907 1687 Nicosia, Cyprus
Registered Office:	Likavitou 58 Egkomi 2401 Nicosia
Registration number:	140568

Report of the Board of Directors

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2010.

Incorporation
The Company ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ was incorporated in Cyprus on 14 August 2003 as a private company with limited liability under the Companies Law, Cap. 113.

Principal activity
The principal activity of the Company, which is unchanged from last year, is the organization, operation, conduct and promotion - publicity for all the games of OPAP A.E. held in Cyprus.

Branches
No operations of the Company are carried out through any branch.

Review of current position, future developments and significant risks
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Turnover amounted to €180.104.849, recording a decrease of 8,74% compared to 2009. The above decrease is attributed to: the credit crisis, the gambling games on the internet and the lack of legislative framework to control them.

In order to stabilize the Company's sales and maintain a positive image in Cyprus, the facts below are planned: organised seminars for training of agents, implementing promoting actions, better service to clients, renewal of game advertisements and targeted social contribution activities.

Threats-hazards are: the general economic crisis, internet gambling and the lack of legislative control framework, increased operation of companies with betting shops and new games, illegal betting and the implementation of legislation to ban smoking in agencies.

Results
The Company's results for the year are set out on pages 7 and 8.

Dividends

On 8 April 2010 the Company in General Meeting declared the payment of a final dividend of € 10.000.000 (2009: € NIL).

Share capital
There were no changes in the share capital of the Company during the year.

Report of the Board of Directors

Board of Directors
The members of the Board of Directors of the Company as at 31 December 2010 and as at the date of this report are shown on page 1. All of them were members of the Board throughout the year ended 31 December 2010 except from Mr. Christos Hadjiemmanouil who resigned on 3 February 2010 from the position of President and on the same date Mr. Charalambos Stamatopoulos was appointed in his place, who resigned on 16 December 2010 and on the same date Mr. Ioannis Spanoudakis was appointed in his place.. On 3 February 2010 Mr. Isidoros Makrides, Mr. Constantinos Kollias, Mr. Zacharias Kyriakou and Mr. Constantinos Papadopoulos resigned and on the same date Mr. Andreas Efstathiades, Mr. Asterios Lachanas, Mr. Ilias Myrianthous, Mr. Venetsanos Rogkakos and Mr. George Kyriakos who resigned on 15 September 2010, were appointed in their place. On 1 October 2010 Mr. Nikolaos Zachariades was appointed.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the end of the reporting year
Any significant events that occurred after the end of the year are described in note 25 to the financial statements.

Independent Auditors
The independent auditors, Grant Thornton (Cyprus) Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Ioannis Spanoudakis (President)
Director

Nicosia, Cyprus, 18 February 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ

Report on the Financial Statements

We have audited the financial statements of ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ (the "Company") on pages 6 to 27, which comprise the statement of financial position as at 31 December 2010 and the income statement, and statements of comprehensive income, of changes in equity, and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company 's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Grant Thornton (Cyprus) Ltd
Certified Public Accountants (Cy)

Nicosia, 18 February 2011

Statement of financial position

31 December 2010

	Note	2010 €	2009 €
ASSETS			
Non-current assets			
Property, plant and equipment	6	**219.177**	283.983
Intangible assets	7	**14.442**	12.699
Available-for-sale financial assets	8	**1.341.763**	2.988.317
Other receivables	9	**5.789.766**	5.782.878
		7.365.148	9.067.877
Current assets			
Trade and other receivables	10	**2.695.608**	5.822.356
Cash at bank and in hand	11	**23.977.603**	20.822.254
		26.673.211	26.644.610
Total assets		**34.038.359**	35.712.487
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**1.700.000**	1.700.000
Fair value reserve		**(418.237)**	1.228.317
Retained earnings		**10.757.127**	14.081.254
		12.038.890	17.009.571
Non-current liabilities			
Εγγυητικές καταθέσεις από πράκτορες		**175.659**	184.363
		175.659	184.363
Current liabilities			
Trade and other payables	14	**21.802.348**	18.357.119
Current tax liabilities	15	**21.462**	161.434
		21.823.810	18.518.553
Total liabilities		**21.999.469**	18.702.916
Total equity and liabilities		**34.038.359**	35.712.487

On 18 February 2011 the Board of Directors of ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ authorised these financial statements for issue.

Ioannis Spanoudakis
President

Venetsanos Rogkakos
Director

The notes on pages 11 to 27 form an integral part of these financial statements.

Income statement

Year ended 31 December 2010

	Note	2010 €	2009 €
Revenue		**180.104.849**	197.344.684
Cost of sales		**(167.086.118)**	(183.068.304)
Gross profit		**13.018.731**	14.276.380
Other income	16	**-**	4.567
Administration expenses		**(2.106.990)**	(2.041.182)
Selling and distribution expenses		**(4.242.842)**	(4.275.144)
Operating profit	17	**6.668.899**	7.964.621
Finance income	19	**762.528**	663.451
Finance costs	19	**(11.122)**	(3.919)
Profit before tax		**7.420.305**	8.624.153
Taxation expense	20	**(744.432)**	(869.434)
Profit for the year		**6.675.873**	7.754.719

The notes on pages 11 to 27 form an integral part of these financial statements.

Statement of comprehensive income

Year ended 31 December 2010

	Note	**2010** €	2009 €
Profit for the year		**6.675.873**	7.754.719
Other comprehensive income			
Available-for-sale financial assets -Fair value adjustment	8	**(1.646.554)**	-
Fair value gain on available for sale financial assets		**-**	1.228.317
Other comprehensive income after tax		**(1.646.554)**	1.228.317
Total comprehensive income for the year		**5.029.319**	8.983.036

The notes on pages 11 to 27 form an integral part of these financial statements.

Statement of changes in equity

Year ended 31 December 2010

	Share capital €	Fair value reserve - available-for-sale financial assets €	Retained earnings €	Total €
At 1 January 2009	**1.700.000**	**-**	**6.326.535**	**8.026.535**
Comprehensive income				
Profit for the year	-	-	7.754.719	7.754.719
Fair value adjustment	-	1.228.317	-	1.228.317
Total comprehensive income for 2009	-	1.228.317	7.754.719	8.983.036
At 31 December 2009/ 1 January 2010	**1.700.000**	**1.228.317**	**14.081.254**	**17.009.571**
Comprehensive income				
Profit for the year	-	-	6.675.873	6.675.873
Fair value adjustment	-	(1.646.554)	-	(1.646.554)
Total comprehensive income for 2010	-	(1.646.554)	6.675.873	5.029.319
Transactions with owners				
Dividends	-	-	(10.000.000)	(10.000.000)
	-	-	(10.000.000)	(10.000.000)
31 December 2010	**1.700.000**	**(418.237)**	**10.757.127**	**12.038.890**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable for the account of the shareholders.

The notes on pages 11 to 27 form an integral part of these financial statements.

Statement of cash flows

Year ended 31 December 2010

	Note	**2010**	2009
		€	€
Operating activities			
Profit before tax		**7.420.305**	8.624.153
Adjustments:			
Depreciation of property, plant and equipment	6	**71.387**	143.812
Amortisation of intangible assets	7	**13.730**	18.825
(Profit) from the sale of property, plant and equipment		**-**	(4.567)
Dividend income	19	**-**	(11.000)
Interest income	19	**(762.528)**	(652.451)
Interest expense	19	**7.629**	-
		6.750.523	8.118.772
Changes in working capital:			
Trade and other receivables		**3.126.748**	(623.379)
Trade and other payables		**3.445.229**	392.920
Cash flows from operations		**13.322.500**	7.888.313
Tax paid		**(884.404)**	(764.815)
Net cash from operating activities		**12.438.096**	7.123.498
Investing activities			
Payment for purchase of intangible assets	7	**(15.473)**	(311)
Payment for purchase of property, plant and equipment	6	**(6.581)**	(202.882)
Payment for purchase of available-for-sale financial assets		**-**	(1.760.000)
Loans granted		**-**	(5.740.000)
Proceeds from disposal of property, plant and equipment	6	**-**	10.000
Interest received		**755.640**	609.574
Dividends received		**-**	11.000
Net cash from / (used in) investing activities		**733.586**	(7.072.619)
Financing activities			
Proceeds from new agent guarantee deposits		**(8.704)**	7.500
Interest paid		**(7.629)**	-
Dividends paid		**(10.000.000)**	-
Net cash (used in) / from financing activities		**(10.016.333)**	7.500
Net increase in cash and cash equivalents		**3.155.349**	58.379
Cash and cash equivalents:			
At beginning of the year	11	**20.822.254**	20.763.875
At end of the year	11	**23.977.603**	20.822.254

The notes on pages 11 to 27 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ (the "Company") was incorporated in Cyprus on 14 August 2003 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at Likavitou 58, Egkomi, 2401 Nicosia.

OPAP (CYPRUS) LIMITED is currently governed by Law 34 (III) / 2003 that ratifies the agreement between the Greek Republic and the Government of the Republic of Cyprus, for terms of organization, operation, conduct and management of games conducted by OPAP A . E.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the organization, operation, conduct and promotion - publicity for all the games of OPAP A.E. held in Cyprus.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, investment property, and financial instruments.

2.2 Adoption of new and revised IFRSs

As from 1 January 2010, the Company adopted all the IFRSs and International Accounting Standards (IAS), which became effective and also were endorsed by the European Union and are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

All IFRSs issued by the International Standards Board (IASB) which are effective for the year ended 31 December 2010, have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39: “Financial Instruments: Recognition and Measurement” relating to portfolio hedge accounting.

The following Standards, Amendments to Standards and Interpretations had been issued by the date of authorisation of these financial statements but are not yet effective for the year ended 31 December 2010:

2. Accounting policies (continued)

Standards and Interpretations endorsed by the EU

- IAS 24 (Revised): "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).
- Amendment to IAS 32: "Classification of Rights Issues" (effective for annual periods beginning on or after 1 February 2010).
- Amendment to IFRIC 14: "Prepayments of a Minimum Funding Requirement" (effective for accounting periods beginning on or after 1 January 2011).

Standards and Interpretations not endorsed by the EU

- IFRS 9: "Financial Instruments: Classification and Measurement" (effective for annual periods beginning on or after 1 January 2013).
- Improvements to IFRSs - 2010 (effective for annual periods beginning on or after 1 July 2010 / 1 January 2011).
- Amendment to IFRS 7: Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011).

The Board of Directors expects that when these Standards or Interpretations become effective in future periods will not have a material effect on the financial statements of the Company. In relation to IFRS 9, the Management has not yet assessed the likely impact of the application of this Standard, since the Management has not yet determined its accounting policy to be followed under the new Standard.

2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Computers	20
Motor vehicles	15,4
Furniture, fixtures and office equipment	20
Equipment of agents	20

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

2. Accounting policies (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss in the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the income statement.

2.4 Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are recognised as an expense when incurred.

Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

2. Accounting policies (continued)

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has the expressed intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit or loss for the period. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not then reversed through the profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

(i) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Loans granted

Loans granted by the Company are carried at amortised cost. This is defined as the fair value of cash consideration given as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

2. Accounting policies (continued)

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

- **Financial liabilities**

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in handand bank.

2.7 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its depreciable tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use of the asset (or cash-generating unit). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Accounting policies (continued)

2.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.9 Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

2.10 Revenue

- **Revenue from games**

  Revenue from games is recognized after the completion of the games, just before the announcement of results. Revenue from games SUPER 3, KINO and EXTRA 5, is recognized on a daily basis, for the games PROPOGOAL and PROPO, that last more than three or four days, are recognized on a cash basis one and three times a week respectively. The games LOTTO, JOKER and PROTO are recognized on a cash basis 2 times per week.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

  Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- **Dividend income**

  Dividend income is recognised when the right to receive payment is established.

2. Accounting policies (continued)

2.11 Staff Benefits

The Company and its employees contribute to the Government Social Insurance Fund based on staff salaries. Additionally, the Company operates a defined contribution scheme whose assets are held in a separate fund managed by commissioners. The project is funded by payments from employees and the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

2.12 Borrowing costs

Borrowing costs include interest expense on loans, finance leases and bank overdrafts as well as bank charges.

2.13 Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

2.14 Dividends

The distribution of dividends to the shareholders is recognized as a liability in the financial statements of the Company in the year the dividends are approved by the shareholders of the Company.

2.15 Comparatives

The Company has made reclassifications to its comparative figures as follows:

- In the statement of financial position the amount payable to OPAP Services SA of € 50.000, which was included in accrued expenses has been adjusted into amounts payable to related companies.

The Company does not present a third statement of financial position as at 1 January 2009 since the financial position at that date is not affected from the above reclassifications, and remains unchanged in relation to the previously published financial statements.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- **Significant management judgement**

  The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

  Impairment of available-for-sale financial assets

  The Company follows the guidance of IAS 39 in determining when an investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

- **Estimation uncertainty**

  The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

  Income taxes

  Significant estimates are made in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  Useful lives of depreciable assets

  Management reviews the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

4. Financial risk management

The Company is exposed to credit risk arising from the financial instruments held.

- **Credit risk**

The Company has procedures to assure that agents are chosen based on their creditibility. Also, concentrations of credit risk in relation to amounts due from agents is limited due to the direct connection of the network of agents to the central system of the Company.

5. Capital management

The Company manages its capital for the purpose of:

- Ensuring that the Company will operate under the principle of sustainable business to serve the interests of shareholders and other stakeholders (employees, debtors, creditors)
- Achieving a satisfactory return for shareholders, given the level of risk for relevant companies.

The Company maintains capital depending on the level of risk taken. It also manages its capital structure which is adjusted based on the current and projected economic conditions and risk characteristics of assets that are held. In order to maintain or change its capital structure, the Company may adjust the amount of distributed dividends, return capital to shareholders or to sell assets.

The Company has no borrowings and is financed solely by equity.

6. Property, plant and equipment

	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€
Cost				
At 1 January 2009	633.686	94.475	162.321	890.482
Additions	123.879	52.650	26.353	202.882
Disposals	(1.335)	(35.470)	-	(36.805)
At 31 December 2009/ 1 January 2010	**756.230**	**111.655**	**188.674**	**1.056.559**
Additions	-	-	6.581	6.581
31 December 2010	**756.230**	**111.655**	**195.255**	**1.063.140**
Depreciation				
At 1 January 2009	520.832	36.993	102.564	660.389
Charge for the year	104.248	16.995	22.316	143.559
On disposals	(185)	(31.187)	-	(31.372)
At 31 December 2009/ 1 January 2010	**624.895**	**22.801**	**124.880**	**772.576**
Charge for the year	33.320	17.196	20.871	71.387
31 December 2010	**658.215**	**39.997**	**145.751**	**843.963**
Net book amount				
31 December 2010	**98.015**	**71.658**	**49.504**	**219.177**
At 31 December 2009	131.335	88.854	63.794	283.983

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2010	2009
	€	€
Net book amount	-	5.433
Profit from the sale of property, plant and equipment (Note 16)	-	4.567
Proceeds from disposal of property, plant and equipment	-	10.000

Notes to the financial statements

Year ended 31 December 2010

7. Intangible assets

	Computer software €	Total €
Cost		
At 1 January 2009	158.493	158.493
Additions	311	311
At 31 December 2009/ 1 January 2010	**158.804**	**158.804**
Additions	15.473	15.473
31 December 2010	**174.277**	**174.277**
Amortisation		
At 1 January 2009	127.280	127.280
Charge for the year (Note 17)	18.825	18.825
At 31 December 2009/ 1 January 2010	**146.105**	**146.105**
Charge for the year (Note 17)	13.730	13.730
31 December 2010	**159.835**	**159.835**
Net book amount		
31 December 2010	**14.442**	**14.442**
At 31 December 2009	**12.699**	**12.699**

8. Available-for-sale financial assets

	2010 **€**	2009 €
At 1 January	**2.988.317**	-
Additions	**-**	2.988.317
Fair value adjustment	**(1.646.554)**	-
	1.341.763	2.988.317

	Fair values 2010 **€**	**Cost 2010** **€**	Fair values 2009 €	Cost 2009 €
Securities listed on the Milan Stock Exchange	**1.341.763**	**1.760.000**	2.988.317	1.760.000
	1.341.763	**1.760.000**	2.988.317	1.760.000

Available-for-sale financial assets, comprising principally marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months of the reporting date or unless they will need to be sold to raise operating capital.

9. Non-current receivables

	2010	2009
	€	€
Loans to related parties (Note 22)	**5.789.766**	5.782.878
	5.789.766	5.782.878

The fair values of non-current receivables approximate to their carrying amounts as presented above.

10. Trade and other receivables

	2010	2009
	€	€
Trade receivables	**2.441.629**	3.129.349
Receivables from parent company (Note 22)	**198.108**	2.617.494
Deposits and prepayments	**44.064**	61.814
Loans receivable	**11.807**	13.699
	2.695.608	5.822.356

Past due but not impaired balances

Included in the Company's trade receivable balance are debtors with a carrying amount of € 184.196 (2009: € 60.492)) which are past due at the reporting date for which the Company has not provided for impairment losses as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

Ageing of past due but not impaired:

	2010	2009
	€	€
Up to 30 days	**50.606**	60.492
30-120 days	**133.590**	-
	184.196	60.492

Concentrations of credit risk in relation to amounts due from agents are limited due to the direct connection of the network of agents to the central system of the Company.

11. Cash and cash equivalents

	2010	2009
	€	€
Cash in hand	**454**	201
Cash at bank	**23.977.149**	20.822.053
	23.977.603	20.822.254

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2010	2009
	€	€
Cash at bank and in hand	**23.977.603**	20.822.254
Bank overdrafts	**-**	-
	23.977.603	20.822.254

12. Share capital

	2010 Number of shares	**2010 €**	2009 Number of shares	2009 €
Authorised				
Ordinary shares of €1 each	**1.700.000**	**1.700.000**	1.700.000	1.700.000
Issued and fully paid				
At 1 January	**1.700.000**	**1.700.000**	1.700.000	1.700.000
	1.700.000	**1.700.000**	1.700.000	1.700.000

13. Guarantee deposits from agents

	2010	2009
	€	€
Guarantee deposits from agents year	**175.659**	184.363
	175.659	184.363

14. Trade and other payables

	2010	2009
	€	€
Other accrued expenses	**2.902.042**	2.883.769
Payables to parent (Note 22)	**4.771.561**	5.355.657
Winnings payable	**10.429.360**	5.940.452
Payables to the Cyprus Government	**3.649.385**	4.127.241
Payables to fellow subsidiaries (Note 22)	**50.000**	50.000
	21.802.348	18.357.119

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

15. Current tax liabilities

	2010	2009
	€	€
Corporation tax	**12.012**	150.423
Special contribution for defence	**9.450**	11.011
	21.462	161.434

16. Other income

	2010	2009
	€	€
Gain from sale of property, plant and equipment	**-**	4.567
	-	4.567

17. Operating profit

	2010	2009
	€	€
Operating profit is stated after charging the following items:		
Amortisation of intangible assets (Note 7)	**13.730**	18.825
Depreciation of property, plant and equipment (Note 6)	**71.387**	143.559
Staff costs including directors in their executive capacity (Note 18)	**1.400.563**	1.447.492
Auditors' remuneration	**22.569**	21.611

18. Staff costs

	2010	2009
	€	€
Wages and salaries	**1.279.664**	1.333.908
Social insurance costs and other funds	**54.601**	50.508
Social cohesion fund	**21.429**	21.338
Provident fund contributions	**44.869**	41.738
	1.400.563	1.447.492
Average number of employees (including directors in their executive capacity)	**24**	24

The Company has a defined contribution scheme, the ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

19. Finance income / cost

	2010	2009
	€	€
Interest income	**762.528**	652.451
Dividend income	**-**	11.000
Finance income	**762.528**	663.451
Interest expense	**7.629**	-
Other finance expenses	**3.493**	3.919
Finance costs	**11.122**	3.919
Net finance income	**751.406**	659.532

20. Taxation expense

	2010	2009
	€	€
Corporation tax - current year	**668.436**	804.017
Corporation tax - prior years	**7.614**	-
Defence contribution - current year	**76.222**	64.317
Defence contribution - prior years	**(7.840)**	-
Other taxes	**-**	1.100
Charge for the year	**744.432**	869.434

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2010	2009
	€	€
Profit before tax	**7.420.305**	8.624.153
Tax calculated at the applicable tax rates	**742.031**	862.415
Tax effect of expenses not deductible for tax purposes	**-**	21.435
Tax effect of allowances and income not subject to tax	**(73.595)**	(78.733)
Defence contribution current year	**76.222**	64.317
Prior year tax	**(226)**	-
Tax charge	**744.432**	869.434

21. Dividends

	2010	2009
	€	€
Final dividend paid	**10.000.000**	-
	10.000.000	-

On 8 April 2010 the Company in General Meeting declared the payment of a final dividend of € 10.000.000 (2009: € NIL).

Dividends are subject to a deduction of special contribution for defence at the rate of 15% for individual shareholders that are resident in Cyprus. Dividends payable to non-residents of Cyprus are not subject to such a deduction.

Dividends declared out of dividends received, which suffered withholding tax at the rate of 20%, are exempt from the 15% special contribution for defence. The exemption applies if the dividends are declared within a six-year period from the date of their receipt.

22. Related party transactions

The Company is controlled by OPAP A.E., incorporated in Greece, which owns 100 % of the Company's shares. The Company, during the year ended 31 December 2010, paid rights of €18.010.485 (2009: €19.734.468) to OPAP A.E.

The following transactions were carried out with related parties:

22.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2010	2009
	€	€
Directors' remuneration	**318.704**	341.637
	318.704	341.637

22.2 Purchases of services from related parties

	2010	2009
	€	€
OPAP Services A.E.	**-**	125.000
	-	125.000

22.3 Receivables from parent company (Note 10)

		2010	2009
Name	Nature of transactions	**€**	€
OPAP A.E.	Winnings Payable	**198.108**	2.617.494
		198.108	2.617.494

22. Related party transactions (continued)

22.4 Loans to related company (Note 9)

	2010	2009
	€	€
OPAP International Limited	**5.789.766**	5.782.878
	5.789.766	5.782.878

The loan to related company OPAP International Limited bears interest at Euribor plus 0,5% and has a repayment period of 5 years.

22.5 Payables to parent company (Note 14)

	2010	2009
Name	€	€
OPAP Services A.E.	**50.000**	50.000
	50.000	50.000

22.6 Payables to parent company

	2010	2009
	€	€
OPAP A.E.	**4.771.561**	5.355.657
	4.771.561	5.355.657

The shareholders' current accounts are interest free, and have no specified repayment date.

23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2010.

24. Commitments

The Company had no capital or other commitments as at 31 December 2010.

25. Events after the end of the reporting year

There were no material events after the end of the reporting year, which have a bearing on the understanding of the financial statements.

ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ
Likavitou 58
Egkomi
2401 Nicosia

Nicosia, Cyprus, 18 February 2011

Messrs,
Grant Thornton (Cyprus) Ltd
Certified Public Accountants (Cy)
41-49 Agiou Nicolaou Street
Nimeli Court, Block C
P.O. Box 23907
1687 Nicosia, Cyprus

Dear Sirs,

Financial Statements - 31 December 2010

This representation letter is provided in connection with your audit of the financial statements of ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ for the year ended 31 December 2010 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position and performance of the Company in accordance with International Financial Reporting Standards as adopted by the EU and comply with Cyprus Companies Law Cap. 113.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

1) We acknowledge our responsibility for the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

2) We acknowledge our responsibility for the design and implementation of internal control system to prevent and detect error and fraud.

3) There have been no irregularities involving management or employees who have a significant role in the system of internal control, or that could have a material effect on the financial statements.

4) The financial statements are free of material errors and omissions.

5) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and board of directors.

6) There have been no actual or possible illegal actions or non-compliance whose impact has not been recorded or disclosed in the financial statements or which have not been considered for recognising a provision for losses where appropriate. Also there have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.

7) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

8) We have recorded or disclosed all liabilities, both actual and contingent. No claims in connection with litigation have been or are expected to be received.

9) The Company has satisfactory title to all assets and there are no liens, or encumbrances on the Company's assets except as noted in the financial statements.

10) We confirm that all amounts owed to the Company are fully recoverable.

11) Any assets pledged as collateral have been properly recorded and adequately disclosed in the financial statements:

12) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

13) Except as disclosed in the financial statements, the results for the year were not materially affected by transactions of a type not usually undertaken by the entity, circumstances of a non recurrent or exceptional nature or any change in accounting policies.

14) There have been no events subsequent to the reporting date that require adjustment of, or disclosure in the financial statements and related notes.

15) To the best of our knowledge and belief, the information disclosed in the financial statements in respect of parties which control the entity is complete and accurate.

16) To the best of our knowledge and belief, there were no material related party transactions at any time during the year which fall to be disclosed other than as indicated in the financial statements.

17) We confirm that we have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion, we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date the financial statements are to be approved.

18) We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a fair presentation.

19) We have not adjusted the financial statements for the mistatements and differences included in the summary of unadjusted mistatements, as they are immaterial in relation to the reported results and financial position

20) We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,
For ΟΠΑΠ (ΚΥΠΡΟΥ) ΛΙΜΙΤΕΔ

....	....
Ioannis Spanoudakis	Venetsanos Rogkakos
President	Director