OPAP (CYPRUS) LIMITED

Report and financial statements
31 December 2011

Contents

OPAP (CYPRUS) LIMITED

Board of Directors and other officers

Board of Directors

Ioannis Spanoudakis (President)
Nikolaos Zachariades
Andreas Efstathiades
Asterios Lachanas
Ilias Myrianthous
Venetsanos Rogkakos (resigned 1 December 2011)
Charalambos Stylianou (resigned 6 October 2011)
Michalis Chimonas (appointed 1 December 2011)
Charalambos Christou (appointed 1 December 2011)

Company Secretary

Elena Pantziarou

Registered office

58 Likavitou Street
Egkomi
2401 Nicosia
Cyprus

Auditors

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
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OPAP (CYPRUS) LIMITED

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2011.

Principal activities

2 The principal activities of the Company, which are unchanged from last year, is the organization, operation, conduct and promotion - publicity of all the games of OPAP S.A. held in Cyprus.

Review of developments, position and performance of the Company's business

3 The profit of the Company for the year ended 31 December 2011 was €1.937.811 (2010: profit of €6.675.874). On 31 December 2011 the total assets of the Company were €29.023.773 (2010: €33.943.864) and the net assets were €11.394.939 (2010: net assets €12.038.891). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Company are disclosed in Notes 3 and 4 of the financial statements.

Future developments of the Company

5 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Results

6 The Company's results for the year are set out on pages 6 and 7. The Board of Directors recommends the payment of a dividend as detailed below and the remaining profit for the year is retained.

Dividends

7 On 11 July 2011 a dividend of €1,765 per share, amounting to €3.000.000 was paid in relation to the profit for the year ended 31 December 2010.

Share capital

8 There were no changes in the share capital of the Company.

Report of the Board of Directors (continued)

Board of Directors

9 The members of the Board of Directors at 31 December 2011 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2011, except Mr Michalis Cheimona and Mr Charalambos Christou, who were appointed as Directors on 1 December 2011. Mr Venetsanos Rogkakos, who held office at 1 January 2011, resigned on 1 December 2011. Mr Charalambos Stylianou, who also held office at 1 January 2011, resigned on 6 October 2011.

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

11 According to the Company's Articles of Association, the Board of Directors has the authority to appoint any person as its Member, provided that the total number of the members does not exceed the predetermined number as per the existing regulation. All members of the Board continue in office until the next Annual General Meeting, where they are eligible to offer themselves for re-election.

Events after the balance sheet date

12 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Branches

13 The Company did not operate through any branches during the year.

Independent Auditors

14 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. 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

Ioannis Spanoudakis
President

Nicosia,
20 March 2012

Independent auditor's report

To the Members of OPAP (CYPRUS) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of OPAP (CYPRUS) LIMITED (the "Company"), which comprise the balance sheet as at 31 December 2011, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The 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 and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about 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 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 OPAP (CYPRUS) LIMITED as at 31 December 2011, 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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 is consistent with the financial statements.

Other matters

Auditor's responsibility

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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.

Comparative figures

The financial statements of the Company for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 February 2011.

Loizos A. Markides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 20 March 2012

OPAP (CYPRUS) LIMITED

Income statement
for the year ended 31 December 2011

	Note	2011 €	2010 €
Revenue	5	**168.942.249**	180.104.849
Cost of sales		**(156.643.812)**	(167.086.118)
Gross profit		**12.298.437**	13.018.731
Selling and marketing costs		**(6.870.314)**	(4.242.842)
Administrative expenses		**(2.114.739)**	(2.110.480)
Other income	6	**615.354**	762.527
Other losses - net	16	**(1.583.543)**	-
Operating profit		**2.345.195**	7.427.936
Finance costs	9	**(18.530)**	(7.629)
Profit before income tax		**2.326.665**	7.420.307
Income tax expense	10	**(388.854)**	(744.433)
Profit for the year		**1.937.811**	6.675.874

The notes on pages 11 to 35 are an integral part of these financial statements.

OPAP (CYPRUS) LIMITED

Statement of comprehensive income for the year ended 31 December 2011

	Note	**2011** **€**	2010 €
Profit for the year		**1.937.811**	6.675.874
Other comprehensive income:			
Change in value of available-for-sale financial assets	21	**418.237**	(1.646.554)
Other comprehensive income for the year, net of tax		**418.237**	(1.646.554)
Total comprehensive income for the year		**2.356.048**	5.029.320

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 10.

The notes on pages 11 to 35 are an integral part of these financial statements.

OPAP (CYPRUS) LIMITED

Balance sheet
at 31 December 2011

	Note	**2011** €	2010 €
Assets			
Non-current assets			
Property, plant and equipment	14	**160.000**	219.177
Intangible assets	15	**7.349**	14.442
Available-for-sale financial assets	16	**176.457**	1.341.763
Non-current receivables	17	**5.866.424**	5.789.766
		6.210.230	7.365.148
Current assets			
Trade and other receivables	18	**2.312.355**	2.601.113
Tax refundable		**199.465**	-
Cash and cash equivalents	19	**20.301.723**	23.977.603
		22.813.543	26.578.716
Total assets		**29.023.773**	33.943.864
Equity and liabilities			
Capital and reserves			
Share capital	20	**1.700.000**	1.700.000
Other reserves	21	**-**	(418.237)
Retained earnings		**9.694.939**	10.757.128
Total equity		**11.394.939**	12.038.891
Non-current liabilities			
Security deposits from agents	22	**176.826**	175.659
Current liabilities			
Trade and other payables	23	**17.452.008**	21.707.852
Current income tax liabilities		**-**	21.462
		17.452.008	21.729.314
Total liabilities		**17.628.834**	21.904.973
Total equity and liabilities		**29.023.773**	33.943.864

On 20 March 2012 the Board of Directors of OPAP (CYPRUS) LIMITED authorised these financial statements for issue.

Ioannis Spanoudakis, President

Michalis Chimonas, Director

The notes on pages 11 to 35 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2011

	Note	Share capital €	Other reserves €	Retained earnings [(1)] €	Total €
Balance at 1 January 2010		1.700.000	1.228.317	14.081.254	17.009.571
Comprehensive income					
Profit for the year		-	-	6.675.874	6.675.874
Other comprehensive income					
Available-for-sale financial assets:					
Fair value losses	21	-	(1.646.554)	-	(1.646.554)
Total other comprehensive income		-	(1.646.554)	-	(1.646.554)
Total comprehensive income for the year		-	(1.646.554)	6.675.874	5.029.320
Transactions with owners					
Dividend relating to 2009 and 2008	11	-	-	(10.000.000)	(10.000.000)
Total transactions with owners		-	-	(10.000.000)	(10.000.000)
Balance at 31 December 2010/1 January 2011		1.700.000	(418.237)	10.757.128	12.038.891
Comprehensive income					
Profit for the year		-	-	1.937.811	1.937.811
Other comprehensive income					
Available-for-sale financial assets:					
Transfer to profit due to impairment	21	-	418.237	-	418.237
Total other comprehensive income		-	418.237	-	418.237
Total comprehensive income for the year		-	418.237	1.937.811	2.356.048
Transactions with owners					
Dividend relating to 2010	11	-	-	(3.000.000)	(3.000.000)
Total transactions with owners		-	-	(3.000.000)	(3.000.000)
Balance at 31 December 2011		1.700.000	-	9.694.939	11.394.939

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. Special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009, and to 20% in respect of profits of years of assessment 2010 and 2011. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 11 to 35 are an integral part of these financial statements.

OPAP (CYPRUS) LIMITED

Statement of cash flows
for the year ended 31 December 2011

	Note	2011 €	2010 €
Cash flows from operating activities			
Profit before income tax		**2.326.665**	7.420.307
Adjustments for:			
Depreciation of property, plant and equipment	14	**71.577**	71.387
Amortisation of intangible assets	15	**7.463**	13.730
Impairment of available-for-sale financial assets	16	**1.583.543**	-
Interest income	6	**(615.354)**	(762.527)
Interest expense	9	**18.530**	7.629
		3.392.424	6.750.526
Changes in working capital:			
Trade and other receivables		**288.758**	3.126.748
Trade and other payables		**(4.255.844)**	3.445.229
Cash (used in)/generated from operations		**(574.662)**	13.322.503
Income tax paid		**(609.781)**	(884.404)
Net cash (used in)/generated from operating activities		**(1.184.443)**	12.438.099
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(12.400)**	-
Proceeds from sale of property, plant and equipment	14	**-**	(6.581)
Purchases of intangibles	15	**(370)**	(15.473)
Loan repayments received from related parties	25(v)	**(49.765)**	-
Interest received		**588.461**	755.640
Net cash from investing activities		**525.926**	733.586
Cash flows from financing activities			
Interest paid		**(18.530)**	(7.629)
Dividends paid to the Company's shareholders	11	**(3.000.000)**	(10.000.000)
Guarantee deposits from agents		**1.167**	(8.706)
Net cash used in financing activities		**(3.017.363)**	(10.016.335)
Net (decrease)/increase in cash and cash equivalents		**(3.675.880)**	3.155.350
Cash and cash equivalents at beginning of year		**23.977.603**	20.822.253
Cash and cash equivalents at end of year	19	**20.301.723**	23.977.603

The notes on pages 11 to 35 are an integral part of these financial statements.

OPAP (CYPRUS) LIMITED

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 58 Likavitou Street, Egkomi, 2401 Nicosia, Cyprus.

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 activities

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

2 Summary of significant accounting policies

The principal accounting policies applied 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.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2011 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 financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2011. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements the following financial reporting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

Amendments

- Amendments to IFRS 7 "Financial Instruments: Disclosures" on derecognition of financial instruments (effective for annual periods beginning on or after 1 July 2011).

(ii) Not adopted by the European Union

New standards

- IFRS 9 "Financial Instruments" (and subsequent amendments to IFRS 9 and IFRS 7) (effective for annual periods beginning on or after 1 January 2015).
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12, "Disclosure of Interests in Other entities" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 27, "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IAS 28, "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013).

Amendments

- Amendment to IAS 12 "Income Taxes" on deferred tax relating to recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012).
- Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on severe hyperinflation and removal of fixed dates for First Time Adopters (effective for annual periods beginning on or after 1 July 2011).

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- Amendment to IAS 1 “Financial Statements Presentation” on Presentation of Items of Other Comprehensive Income” (effective for annual periods beginning on or after 1 July 2012).
- Amendments to IAS 19 “Employee Benefits” (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 7 “Financial Instruments: Disclosures” on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 32 “Financial Instruments: Presentation” on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

New IFRICs

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” (effective for annual periods beginning on or after 1 January 2013).

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Company, with the exception of the following:

(i) Amendments to IFRS 7, “Financial Instruments: Disclosures” on derecognition of financial instruments. These amendments will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets. These amendments are effective for annual periods beginning on or after 1 July 2011 and have not yet been endorsed by the European Union.

(ii) Amendment to IAS 12, “Income Taxes” on deferred tax. IAS 12, “Income Taxes”, currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, “Investment Property”. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, “Income Taxes - recovery of revalued non-depreciable assets”, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. This amendment is effective for annual periods beginning on or after 1 January 2012 and has not yet been endorsed by the European Union.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(iii) IFRS 9, “Financial Instruments”. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed by the European Union.

(iv) IFRS 13, “Fair Value Measurement”. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The standard is effective for annual periods beginning on or after 1 January 2013 and has not yet been endorsed by the European Union.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. Revenues earned by the Company are recognised on the following bases:

(i) Revenue from games

Revenue from games are recognised when the significant risks and rewards of ownership from the submission of the coupons from the games have been transferred to the customer. This usually occurs when the agents, with which the Company cooperates, have submitted the coupons of the customers, the customers have accepted them and the collectibility of the relevant receivables is reasonably assured.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(iii) Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

2 Summary of significant accounting policies (continued)

Property, plant and equipment

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Motor vehicles	15,4
Furniture, fixtures and fittings	20
Computer equipment	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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 charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

2 Summary of significant accounting policies (continued)

Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise “trade and other receivables” and “cash and cash equivalents” in the balance sheet.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless the investment matures or management intends to dispose of the investment within twelve months of the balance sheet date.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available for sale financial assets and financial assets are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on “available-for-sale financial assets”.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement (continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payments is established.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 evidence 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 profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within “selling and marketing costs”. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “selling and marketing costs” in profit or loss.

Share capital

Ordinary shares are classified as equity.

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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2 Summary of significant accounting policies (continued)

Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturity of three months or less.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as price risk and credit risk is monitored as part of its daily management of the business.

- **Market risk**

  Price risk

  The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Price risk (continued)

The Company's equity investments that are publicly traded are included in the Milan Stock Exchange General Index.

The table below summarises the impact of increases/decreases of the Milan Stock Exchange General Index on the Company's post-tax profit for the year and on other components of equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% (2010: 5%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on other components of equity in €	
	2011	2010
Index		
Milan Stock Exchange General Index	**8.823**	67.088

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

The Company does not manage its market price risk.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company does not have formal policies and procedures for managing and monitoring credit risk.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Until 1 year €	**Between 1 to 5 years €**
At 31 December 2010		
Guarantee deposits from agents	-	175.659
Trade and other payables	21.802.347	-
Finance lease liabilities	126.000	199.500
	21.928.347	375.159

3 Financial risk management (continued)

(i) Financial risk factors (continued)

	Less than 1 year	Between 2 to 5 years
	€	€
At 31 December 2011		
Guarantee deposits from agents	-	176.826
Trade and other payables	17.538.814	-
Finance lease liabilities	126.000	73.500
	17.664.814	250.326

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (Note 19)) on the basis of expected cash flow.

(ii) Capital risk 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 the risk characteristics of the assets held. In order to maintain or change its capital structure, the Company may adjust the amount of distributed dividends, return capital to shareholders or sell assets.

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

The capital as defined by management at 31 December 2011 and 2010 consists of equity as shown on the face of the balance sheet.

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

3 Financial risk management (continued)

(iii) Fair value estimation (continued)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1	Total
	€	€
31 December 2010		
Assets		
Available-for-sale financial assets:		
- Equity securities	1.341.763	1.341.763
Total assets measured at fair value	1.341.763	1.341.763

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2011.

	Level 1	Total
	€	€
31 December 2011		
Assets		
Available-for-sale financial assets:		
- Equity securities	176.457	176.457
Total assets measured at fair value	176.457	176.457

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Milan Stock Exchange equity investments classified as available-for-sale.

4 Critical accounting estimates and judgements

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.

(i) Critical accounting estimates and assumptions

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.

4 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

(ii) Critical judgements in applying the Company's accounting policies

- **Impairment of available-for-sale financial assets**

  The Company follows the guidance of IAS 39 to determine when an available-for-sale equity 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 short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 Revenue

	2011	2010
	€	€
Sales JOKER	**24.607.785**	33.341.584
Sales PROTO	**4.832.456**	6.280.464
Sales EXTRA 5	**1.084.724**	879.871
Sales SUPER 3	**5.547.091**	5.292.294
Sales LOTTO	**8.195.701**	8.193.845
Sales KINO	**124.348.098**	125.741.124
Sales PROPO	**293.918**	357.941
Sales PROPOGOAL	**32.476**	17.726
	168.942.249	180.104.849

6 Other income

	2011	2010
	€	€
Interest income:		
Bank balances	**488.711**	668.252
Loans to related parties (Note 25(v))	**126.423**	93.992
Other interest income	**220**	283
Total interest income	**615.354**	762.527

7 Expenses by nature

	2011 €	2010 €
Depreciation and amortisation (Notes 14 and 15)	**79.040**	85.117
Repairs and maintenance	**130.060**	120.686
Operating lease payments	**127.700**	127.100
Insurance	**54.531**	47.449
Auditors' remuneration	**25.145**	22.569
Staff costs (Note 8)	**1.380.037**	1.400.563
Advertising and promotion	**2.029.013**	2.218.111
Transportation expenses	**7.282**	7.745
Other expenses	**1.145.590**	1.232.168
Grants and donations	**4.689.422**	1.801.049
Compensation of legal counsels	**13.800**	13.800
Training of employees and agents	**21.991**	26.815
Agent commission	**15.077.262**	16.371.245
Theoretical winnings	**109.579.882**	115.439.667
Winnings payable to the Cyprus Government	**12.186.075**	14.074.015
Fees to OPAP S.A.	**16.894.225**	18.010.485
Compensation of agents for V.A.T.	**2.187.810**	2.440.856
Total cost of goods sold, selling and marketing costs, administrative expenses and other expenses	**165.628.865**	173.439.440

The professional fees stated above include fees of €- (2010: €1.006) for tax consultancy services charged by the Company's statutory audit firm.

8 Staff costs

	2011 €	2010 €
Wages and salaries	**1.277.000**	1.279.664
Social insurance costs	**58.151**	76.030
Provident fund contributions	**44.886**	44.869
	1.380.037	1.400.563

The Company has a defined contribution scheme, the OPAP (CYPRUS) LIMITED 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.

9 Finance costs

	2011 €	2010 €
Interest expense:		
Overdue taxation	**18.530**	7.629

10 Income tax expense

	2011 €	2010 €
Current tax:		
Corporation tax	**388.854**	668.436
Defence contribution	**-**	76.223
Overprovision of prior years' taxes:		
Corporation tax	**-**	7.614
Defence contribution	**-**	(7.840)
Income tax expense	**388.854**	744.433

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

	2011 €	2010 €
Profit before tax	**2.326.665**	7.420.307
Tax calculated at the applicable corporation tax rate of 10%	**232.667**	742.031
Tax effect of expenses not deductible for tax purposes	**156.187**	-
Tax effect of allowances and income not subject to tax	**-**	(73.595)
Special contribution for defence	**-**	76.222
Prior year taxes	**-**	(225)
Income tax charge	**388.854**	744.433

The Company is subject to corporation tax on taxable profits at the rate of 10%.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%; increased to 15% as from 31 August 2011.

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 to 31 December 2013.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December					
	2011			2010		
	Before tax €	**Tax (charge)/ credit €**	**After tax €**	Before tax €	Tax (charge)/ credit €	After tax €
Available-for-sale financial assets:						
Fair value loss	**-**	**-**	**-**	(1.646.554)	-	(1.646.554)
Loss transferred to profit or loss due to impairment	**418.237**	**-**	**418.237**	-	-	-
Other comprehensive income	**418.237**	**-**	**418.237**	(1.646.554)	-	(1.646.554)

11 Dividends per share

On 11 July 2011 a dividend of €1,765 per share, amounting to €3.000.000 was paid in relation to the profit for the year ended 31 December 2010.

	2011	2010
	€	€
Final dividend	**3.000.000**	10.000.000

12 Financial instruments by category

	Loans and receivables	Available-for-sale	Total
	€	€	€
31 December 2010			
Assets as per balance sheet			
Available-for-sale financial assets	-	1.341.763	1.341.763
Non-current receivables	5.789.766	-	5.789.766
Trade and other receivables (excluding prepayments)	2.563.066	-	2.563.066
Cash and cash equivalents	23.977.603	-	23.977.603
Total	32.330.435	1.341.763	33.672.198

	Other financial liabilities	Total
	€	€
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	21.284.224	21.284.224
Guarantee deposits from agents	175.659	175.659
Total	21.459.883	21.459.883

	Loans and receivables	Available-for-sale	Total
	€	€	€
31 December 2011			
Assets as per balance sheet			
Available-for-sale financial assets	-	176.457	176.457
Non-current receivables	5.866.424	-	5.866.424
Trade and other receivables (excluding prepayments)	2.257.471	-	2.257.471
Cash and cash equivalents	20.301.723	-	20.301.723
Total	28.425.618	176.457	28.602.075

	Other financial liabilities	Total
	€	€
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	16.769.919	16.769.919
Guarantee deposits from agents	176.826	176.826
Total	16.946.745	16.946.745

13 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2011	2010
	€	€
Trade receivables		
Counterparties without external credit rating		
Group 1	**-**	-
Group 2	**2.077.580**	2.257.433
Group 3	**-**	-
Fully performing other receivables		
Group 4	**5.866.424**	5.789.766
Group 5	**-**	198.108
Group 6	**-**	-
	5.866.424	5.987.874

	2011	2010
	€	€
Cash at bank and short-term bank deposits(1)		
Ba2	**1.443.557**	2.270.739
B2	**2.163.979**	4.117.265
Caa2	**16.694.066**	17.589.144
	20.301.602	23.977.148

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – new customers (less than 6 months).

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Group 4 – companies within the group, common control companies and associates with no defaults in the past.

Group 5 – Directors, shareholders and key management personnel.

Group 6 – new receivables (less than 6 months).

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due but not impaired.

14 Property, plant and equipment

	Plant and machinery €	Furniture, fixtures and office equipment €	Motor vehicles €	Total €
At 1 January 2010				
Cost	756.230	188.674	111.655	1.056.559
Accumulated depreciation	(624.895)	(124.880)	(22.801)	(772.576)
Net book amount	131.335	63.794	88.854	283.983
Year ended 31 December 2010				
Opening net book amount	131.335	63.794	88.854	283.983
Disposals	-	6.581	-	6.581
Depreciation charge (Σημ. 7)	(33.320)	(20.871)	(17.196)	(71.387)
Closing net book amount	98.015	49.504	71.658	219.177
At 31 December 2010				
Cost	756.230	195.255	111.655	1.063.140
Accumulated depreciation	(658.215)	(145.751)	(39.997)	(843.963)
Net book amount	98.015	49.504	71.658	219.177
Year ended 31 December 2011				
Opening net book amount	98.015	49.504	71.658	**219.177**
Additions	-	12.400	-	**12.400**
Depreciation charge (Note 7)	(33.320)	(21.206)	(17.051)	**(71.577)**
Closing net book amount	64.695	40.698	54.607	**160.000**
At 31 December 2011				
Cost	756.230	207.654	111.655	**1.075.539**
Accumulated depreciation	(691.535)	(166.956)	(57.048)	**(915.539)**
Net book amount	64.695	40.698	54.607	**160.000**

	2011 €	2010 €
Net book amount	**-**	(6.581)
Proceeds from sale of property, plant and equipment	**-**	(6.581)

Operating lease rentals amounting to €127.700 (2010: €127.100) relating to the lease of property are included in the profit or loss (Note 7).

Depreciation expense of €33.320 (2010: €33.320) has been charged in “cost of goods sold” and €38.257 (2010: €38.067) in “administrative expenses”.

15 Intangible assets

	Computer software €
At 1 January 2010	
Cost	158.804
Accumulated amortisation and impairment	(146.105)
Net book amount	12.699
Year ended 31 December 2010	
Opening net book amount	12.699
Additions	15.473
Amortisation charge (Note 7)	(13.730)
Closing net book amount	14.442
At 31 December 2010	
Cost	174.277
Accumulated amortisation and impairment	(159.835)
Net book amount	14.442
Year ended 31 December 2011	
Opening net book amount	14.442
Additions	370
Amortisation charge (Note 7)	(7.463)
Closing net book amount	7.349
At 31 December 2011	
Cost	174.647
Accumulated amortisation and impairment	(167.298)
Net book amount	7.349

16 Available-for-sale financial assets

	2011 €	2010 €
At beginning of year	**1.341.763**	2.988.317
Net losses transferred to other comprehensive income (Note 21)	**-**	(1.646.554)
Impairment charge	**(1.165.306)**	-
At end of year	**176.457**	1.341.763
Listed equity securities:		
Milan Stock Exchange	**176.457**	1.341.763
	176.457	1.341.763

The following are included in profit or loss with respect to available-for-sale financial assets:

	2011 €	2010 €
Impairment charge on available-for-sale financial assets:		
- transfer from reserves €418.237		
- for the year €1.165.306 (Note 21)	**(1.583.543)**	-

16 Available-for-sale financial assets (continued)

Available-for-sale financial assets are denominated in the following currencies:

	2011	2010
	€	€
Euro - functional and presentation currency	**176.457**	1.341.763
	176.457	1.341.763

17 Non-current receivables

	2011	2010
	€	€
Non-current		
Loans to related parties (Note 25(v))	**5.866.424**	5.789.766

All non-current receivables are due on 14 February 2014, bear interest at EURIBOR plus 0,5% and are denominated in Euro.

The carrying amounts of non-current receivables approximate their fair value.

The effective interest rates on non-current receivables were as follows:

	2011	2010
	%	%
Loans to related parties	**2,2**	2,1

The Company has obtained guarantees from OPAP S.A., for the loan provided to OPAP International Ltd.

18 Trade and other receivables

	2011	2010
	€	€
Trade receivables	**2.242.824**	2.353.151
Receivables from parent entity (Note 25(iv))	**-**	198.108
Prepayments	**54.884**	38.047
Loans Receivables	**14.647**	11.807
	2.312.355	2.601.113

The fair values of trade and other receivables approximate their carrying amounts.

At 31 December 2011, trade receivables of €243.513 (2010: €184.196) were past due but not impaired. The Company has not made a provision for impairement losses as there has not been a significant change in the credit quality of these receivables and their balances are still considered recoverable. The Company does not hold any collateral in relation to these balances.

The ageing analysis of these past due but not impaired trade receivables is as follows:

	2011	2010
	€	€
Up to 1 month	**114.410**	-
1 to 4 months	**129.103**	133.590
	243.513	133.590

18 Trade and other receivables (continued)

The other classes within trade and other receivables do not contain impaired nor past due assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

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.

All trade and other receivables are denominated in Euro.

19 Cash and cash equivalents

	2011	2010
	€	€
Cash at bank and in hand	**20.301.541**	23.969.461
Short-term bank deposits	**182**	8.142
	20.301.723	23.977.603

The effective interest rate on short term bank deposits was 2,5% (2010: 3,0%) and these deposits have an average maturity of 20 days.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2011	2010
	€	€
Cash and cash equivalents	**20.301.723**	23.977.603

Cash and cash equivalents are denominated in the following currencies:

	2011	2010
	€	€
Euro - functional and presentation currency	**20.301.723**	23.977.603

20 Share capital

	2011		2010	
	Number of shares	**€**	Number of shares	€
Authorised				
Shares of €1 each	**1 700 000**	**1.700.000**	1 700 000	1.700.000
Issued and fully paid				
Shares of €1 each	**1 700 000**	**1.700.000**	1 700 000	1.700.000

21 Other reserves

	Fair value reserve €
At 1 January 2010	1.228.317
Available-for-sale financial assets:	
Fair value losses (Note 16)	(1.646.554)
At 31 December 2010/1 January 2011	(418.237)
Available-for-sale financial assets:	
Loss transferred to profit or loss due to impairment (Note 16)	418.237
At 31 December 2011	-

22 Guarantee deposits from agents

Guarantee deposits from agents consist of guarantees provided by agents according to the rules that govern the relationship of the company with them. These guarantees are used to offset any doubtful demands by agents.

23 Trade and other payables

	2011 €	2010 €
Trade payables	**609.241**	1.158.965
Payables to parent entity (Note 25(iv))	**5.405.484**	4.771.561
Payables to related parties (Note 25(iv))	**-**	50.000
Other payables	**2.002.359**	1.732.948
Amounts due to the Republic of Cyprus	**6.321.505**	3.649.385
Profits due to winners	**3.113.419**	10.344.993
	17.452.008	21.707.852

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

24 Commitments

(i) Operating lease commitments – where the Company is the lessee

The Company leases various offices under operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2011 €	2010 €
No later than 1 year	**126.000**	126.000
Later than 1 year and no later than 5 years	**73.500**	199.500
	199.500	325.500

25 Related party transactions

The Company is controlled by OPAP S.A., registered in Greece, which owns 100% of the Company's shares. The shares of OPAP S.A. are traded in Athens Stock Exchange. The Greek Government is the ultimate controlling party of the Company.

The following transactions were carried out with related parties:

(i) OPAP S.A. fees

	2011 €	2010 €
OPAP S.A. fees (Note 5):		
OPAP S.A. (parent entity)	**16.894.225**	18.010.485

The above transactions relate to trading activities.

(ii) Purchases of services

	2011 €	2010 €
Purchases of "OPAP cards":		
OPAP S.A. (parent entity)	**3.373**	-

Purchases from all related parties were made on commercial terms and conditions.

The above transactions relate to trading activities.

(iii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2011 €	2010 €
Emoluments in their executive capacity	**312.552**	318.704

(iv) Year-end balances arising from sales/purchases of goods/services

	2011 €	2010 €
Receivables from parent entity (Note 18):		
OPAP S.A.	**-**	198.108
Payables to related parties (Note 23):		
OPAP S.A. (parent entity)	**5.405.484**	4.771.561
OPAP Services S.A. (common control entity)	**-**	50.000
	5.405.484	4.821.561

The above balances bear no interest and are repayable on demand.

The above balances relate to trading activities.

25 Related party transactions (continued)

(v) Loans to related parties

	2011	2010
	€	€
Loans to OPAP International Limited:		
At beginning of year	**5.789.766**	5.782.878
Loans repaid during year	**(49.765)**	(87.104)
Interest charged (Note 6)	**126.423**	93.992
At end of year (Note 17)	**5.866.424**	5.789.766

The loan provided to OPAP International Limited, common control entity, bears interest at EURIBOR plus 0,5% and expires on 14 February 2014.

The Company has obtained guarantees from OPAP S.A., for the loan provided to OPAP International Limited.

The above balance relates to financing activities.

26 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 5.

OPAP (CYPRUS) LIMITED

Additional information to the income statement

Cost of goods sold
for the year ended 31 December 2011

	2011	2010
	€	€
Direct expenses		
Commissions payable	**15.077.262**	16.371.245
Depreciation of property, plant and equipment	**33.320**	33.320
Amortisation of intangibles	**7.463**	13.730
Theoretincal winnings	**109.579.882**	115.439.667
Aquisition of coupons	**107.025**	127.462
Thermal paper	**205.554**	216.425
Compensation of agents for V.A.T.	**2.187.810**	2.440.856
Fees to OPAP S.A.	**16.894.225**	18.010.485
Winnings payable to the Cyprus Government	**12.186.075**	14.074.015
Third party services	**365.196**	358.913
	156.643.812	167.086.118

OPAP (CYPRUS) LIMITED

Analysis of expenses
for the year ended 31 December 2011

	2011	2010
	€	€
Selling and marketing costs		
Subscriptions and donations	**4.689.422**	1.801.049
Advertising	**2.029.013**	2.218.111
Travelling local expenses	**24.487**	29.078
Costs of uniform corporate image of the agencies	**124.647**	191.840
Expenses for other events	**2.745**	2.764
	6.870.314	4.242.842

	2011	2010
	€	€
Administrative expenses		
Directors' remuneration	**312.552**	318.704
Salaries and related costs	**1.067.485**	1.081.859
Depreciation of plant, equipment and motor vehicles	**38.257**	38.067
Auditors' remuneration	**25.145**	22.569
Legal fees	**13.800**	13.800
Operating lease rentals	**127.700**	127.100
Repairs and maintenance	**130.060**	120.686
Telephone, telexes and facsimiles	**138.131**	139.634
Printing and stationery	**5.390**	7.271
Postages and courier	**7.282**	7.745
Cleaning expenses	**6.102**	6.015
Water and sewerage expenses	**1.031**	1.041
Insurance	**54.531**	47.449
Electricity	**33.365**	32.271
Staff training	**21.991**	26.815
Travelling local expenses	**646**	850
Motor vehicle expenses	**19.964**	16.454
Taxes and licences	**15.520**	13.175
Sundry expenses	**73.083**	61.925
Supplies and maintenance costs of computer equipment	**22.704**	27.050
	2.114.739	2.110.480