OPAP INVESTMENT LIMITED

Report and financial statements
31 December 2013

Contents

OPAP INVESTMENT LIMITED

Board of Directors and other officers

Board of Directors

Kamil Ziegler (Chairman) (appointed 17 October 2013)
Spyridon Fokas (appointed 17 October 2013)
Michal Houst (appointed 17 October 2013)
Pavel Saroch (appointed 17 October 2013)
Constantinos Louropoulos (Chairman) (resigned 17 October 2013)
Constantinos Alexopoulos (appointed 23 November 2011, resigned 29 July 2013)
Panagiotis Koliopanos (appointed 15 October 2012, resigned 17 October 2013)
Stefanos Pantzopoulos (appointed 15 October 2012, resigned 17 October 2013)
Venetsanos Rogakos (appointed 29 July 2013, resigned 17 October 2013)

Company Secretary

Xenia Photiou

59, Metochiou
Office 502
1101, Nicosia
Cyprus

Registered office

59, Metochiou
Office 502
1101, Nicosia
Cyprus

Auditors

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus
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OPAP INVESTMENT 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 2013.

Principal activities

2 The principal activities of the Company are the organisation, operation and management of any kind of gambling, instant tickets and fixed odds or mutual betting. During the year the Company contributed with a share of 67% in Hellenic Lotteries S.A, together with Intralot Lotteries Limited and Scientific Games Global Gaming S.a.r.l, for the exclusive license of production, operations, marketing, promotion and overall management of the Greek State Lotteries for 12 years.

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

3 The loss of the Company for the year ended 31 December 2013 was €1.514.117 (2012: loss of €196.657). On 31 December 2013 the total assets of the Company were €129.379.669 (2012: €214.974) and the net assets were €128.789.226 (2012: net liabilities €191.657). 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 1, 3 and 4 of the financial statements.

Future developments of the Company

5 On 27 March 2013, the Hellenic Republic Asset Development announced that the partnership with Intralot Lotteries Ltd, Scientific Games Global Gaming S.a.r.l. and Lottomatica Giochi e Partecipazioni S.r.l. ("the Partnership")., in which the Company held 66,99999% is the ultimate success bidder for the exclusive license of production, operations, marketing, promotion and overall management of the Greek State Lotteries for 12 years. The Board of Directors estimates that this development will bring significant positive changes on the financial position and performance of the Company in the foreseeable future. For more information refer to Note 17.

Results

6 The Company's results for the year are set out on page 7.The loss for the year is carried forward.

Share capital

7 During the year the Company increased its authorised and issued share capital to €28.000.000, divided into 28 000 000 shares with a par value of €1,00 per share.

Board of Directors

8 The members of the Board of Directors at 31 December 2013 and 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 2013, except Mr Kamil Ziegler, who was appointed as Chairman on 17 October 2013 and Messrs Spyridon Fokas, Michal Houst and Pavel Saroch who were appointed as Directors on 17 October 2013. Mr Constantinos Louropoulos who was Chairman on 1 January 2013, resigned on 17 October 2013. Mr Constantinos Alexopoulos who was Directors on 1 January 2013, resigned on 29 July 2013. Messrs Panagiotis Koliopanos and Stefanos Pantzopoulos who were Directors on 1 January 2013, resigned on 17 October 2013. Also Mr Venetsanos Rogakos was appointed as Director on 29 July 2013 and resigned on 17 October 2013.

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

10 There being no requirement in the Company's Articles of Association for retirement of Directors by rotation, all the Directors remain in office.

Events after the balance sheet date

11 The material post balance sheet events, which have a bearing on the understanding of the financial statements are disclosed in Note 18 of the financial statements.

Branches

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

Independent Auditors

13 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

Kamil Ziegler
Chairman

Nicosia,
10 April 2014

Independent auditor's report

To the Members of OPAP INVESTMENT LIMITED

Report on the financial statements

We have audited the accompanying financial statements of the parent company OPAP INVESTMENT LIMITED (the "Company"), which comprise the balance sheet as at 31 December 2013, and the statements of 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 qualified audit opinion.

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Basis for qualified opinion

The evidence available to us concerning the value of the Company's investment in its associate was limited. Accordingly we were unable to determine whether the carrying amount of the investment amounting to €128.060.262 has not suffered any impairment.

Qualified opinion

In our opinion, except for the effects of the matter discussed in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of the parent entity OPAP INVESTMENT LIMITED as at 31 December 2013, 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.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matter discussed in the basis for qualified opinion paragraph.
- In our opinion, proper books of account have been kept by the Company, except as discussed in the basis for qualified opinion paragraph.
- 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, except as discussed in the basis for qualified opinion paragraph.
- In our opinion, the information given in the report of the Board of Directors 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 10 April 2014

OPAP INVESTMENT LIMITED

Statement of comprehensive income for the year ended 31 December 2013

	Note	**2013** €	For the period from 23 November 2011 to 31 December 2012 €
Administrative expenses		**(937.488)**	(196.686)
Other income	5	**3.852**	34
Operating loss		**(933.636)**	(196.652)
Finance costs	8	**(152)**	-
Share of loss of associate	12	**(579.738)**	-
Loss before income tax		**(1.513.526)**	(196.652)
Income tax expense	9	**(591)**	(5)
Loss for the year/period		**(1.514.117)**	(196.657)
Other comprehensive income for the year/period, net of tax		**-**	-
Total comprehensive income for the year/period		**(1.514.117)**	(196.657)

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

OPAP INVESTMENT LIMITED

Balance sheet
at 31 December 2013

	Note	2013 €	2012 €
Assets			
Non-current assets			
Investments in associates	12	**128.060.262**	-
Current assets			
Trade and other receivables	13	**259.344**	-
Cash in hand and at bank	14	**1.060.063**	214.974
		1.319.407	214.974
Total assets		**129.379.669**	214.974
Equity and liabilities			
Capital and reserves			
Share capital	15	**28.000.000**	5.000
Advances for the increase of share capital	15	**102.500.000**	-
Accumulated losses		**(1.710.774)**	(196.657)
Total equity		**128.789.226**	(191.657)
Current liabilities			
Trade and other payables	16	**590.443**	406.631
Total equity and liabilities		**129.379.669**	214.974

On 10 April 2014 the Board of Directors of OPAP INVESTMENT LIMITED authorised these financial statements for issue.

Kamil Ziegler, Chairman

Spyridon Fokas, Director

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

OPAP INVESTMENT LIMITED

Statement of changes in equity for the year ended 31 December 2013

	Note	Share capital €	Advances for the increase of share capital €	Accumulated losses €	Total €
Balance at 1 January 2012		-	-	-	-
Comprehensive income					
Loss for the year		-	-	(196.657)	(196.657)
Transactions with owners					
Issue of shares	15	5.000	-	-	5.000
Total transactions with owners		5.000	-	-	5.000
Balance at 31 December 2012/1 January 2013		5.000	-	(196.657)	(191.657)
Comprehensive income					
Loss for the year		-	-	(1.514.117)	(1.514.117)
Transactions with owners					
Issue of shares	15	27.995.000	102.500.000	-	130.495.000
Total transactions with owners		27.995.000	102.500.000	-	130.495.000
Balance at 31 December 2013		28.000.000	102.500.000	(1.710.774)	128.789.226

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

OPAP INVESTMENT LIMITED

Statement of cash flows for the year ended 31 December 2013

	Note	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Cash flows from operating activities			
Loss before income tax		**(1.513.526)**	(196.652)
Adjustments for:			
Interest income	5	**(3.852)**	(34)
Interest expense	8	**152**	-
Share of loss of associates	12	**579.738**	-
		(937.488)	(196.686)
Changes in working capital:			
Trade and other receivables		**(259.344)**	-
Trade and other payables		**183.812**	406.631
Cash (used in)/generated from operations		**(1.013.020)**	209.945
Income tax paid		**(591)**	(5)
Net cash (used in)/generated from operating activities		**(1.013.611)**	209.940
Cash flows from investing activities			
Purchases of subsidiaries		**-**	-
Purchases of associates	12	**(128.640.000)**	-
Interest received		**3.852**	34
Net cash (used in)/from investing activities		**(128.636.148)**	34
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	15	**27.995.000**	5.000
Shares to be issued	15	**102.500.000**	-
Interest paid		**(152)**	-
Net cash from financing activities		**130.494.848**	5.000
Net increase in cash and cash equivalents		**845.089**	214.974
Cash and cash equivalents at beginning of year/period		**214.974**	-
Cash and cash equivalents at end of year/period	14	**1.060.063**	214.974

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

OPAP INVESTMENT 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 59, Metochiou, Office 502, 1101, Nicosia, Cyprus.

Principal activities

The principal activities of the Company are the organisation, operation and management of any kind of gambling, instant tickets and fixed odds or mutual betting. During the year the Company contributed with a share of 67% in Hellenic Lotteries S.A, together with Intralot Lotteries Limited and Scientific Games Global Gaming S.a.r.l, for the exclusive license of production, operations, marketing, promotion and overall management of the Greek State Lotteries for 12 years.

Operating environment of Cyprus

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

1 General information (continued)

Disclosure of general events

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the “Troika”), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations.

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

On 22 March 2013 legislation was enacted by the House of Representatives concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

The recapitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through “bail-in”, that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

1 General information (continued)

On 18 April 2013 legislation was enacted by the House of Representatives to increase the corporate tax from 10% to 12.5% with effect from 1 January 2013. Furthermore, legislation was enacted to increase the rate of special defense contribution from 15% to 30% on interest which does not arise from the ordinary course of business or is closely linked to it with effect from 29 April 2013.

Following the positive outcome of the first and second quarterly reviews of the Cyprus economic programme by the European Commission, the European Central Bank and the International Monetary Fund, during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to 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 2013 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.

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 2013. This adoption did not have a material effect on the accounting policies of the Company, with the exception of the following:

- Amendment to IAS 1 "Financial Statements Presentation on Presentation of Items of Other Comprehensive Income". As a result of the adoption of this amendment, the Company groups items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- IFRS 13, "Fair Value Measurement" 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.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9, 'Financial instruments'. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will consider the impact of the remaining phases of IFRS9 when completed by the Board.The standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed by the European Union.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- IFRS 11, "Joint Arrangements". IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The standard is effective for annual periods beginning on or after 1 January 2014.
- IFRS 12, "Disclosures of Interests in Other Entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is effective for annual periods beginning on or after 1 January 2014.

Current and deferred income tax

The tax expense for the period comprises current 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.

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 "loans to related party", "other receivables" and "cash and cash equivalents" in the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

Loans and receivables (continued)

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. An allowance for loan impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. Significant financial difficulties of the borrower, probability that the borrower will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the 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 effective interest rate. The amount of the provision is recognised in profit or loss.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, including recognising the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment and recognizes the amount adjacent to 'share of profit/(loss)' of associates in the profit or loss.

2 Summary of significant accounting policies (continued)

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IAS 39, 'Financial Instruments Recognition and Measurement'.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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.

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.

2 Summary of significant accounting policies (continued)

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.

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

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash at bank.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The susceptibility of the Company to financial risks such as credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Credit risk**

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

  See Note 11 for further disclosure on 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, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €
At 31 December 2012	
Trade and other payables	406.631
At 31 December 2013	
Trade and other payables	**583.510**

As mentioned in Note 2, OPAP S.A. has committed to provide the Company, if necessary, financial and other support so as to enable the Company to operate and meet its obligations as they become due.

3 Financial risk management (continued)

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2013 and 2012 consists of equity as shown on the face of the balance sheet.

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.

- **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 investment in associate**

  The Company follows the guidance of IAS 39 to determine 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 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 Other income

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Interest income:		
Bank balances	**3.852**	34

6 Expenses by nature

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Audit fees	**8.340**	5.000
Staff costs (Note 7)	**79.500**	28.500
Other expenses	**5.539**	7.100
Legal fees	**503.524**	84.231
Bank charges	**167.785**	69.355
Secretarial fees	**6.000**	2.500
Fees for the issue of share capital	**166.800**	-
Total cost of administrative expenses and other expenses	**937.488**	196.686

The professional fees stated above include fees of €300 (2012: nil) for tax consultancy services and €790 (2012: nil) for other assurance services charged by the Company's statutory audit firm.

7 Staff costs

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Salaries	**79.500**	28.500

8 Finance costs

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Interest expense:		
Bank borrowings	152	-

9 Income tax expense

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Current tax:		
Defence contribution	591	5
Income tax expense	591	5

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

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Loss before tax	(1.513.526)	(196.652)
Tax calculated at the applicable corporation tax rate of 10%	(189.191)	(19.665)
Tax effect of expenses not deductible for tax purposes	177.757	552
Tax effect of allowances and income not subject to tax	(481)	-
Special contribution for defence	591	5
Tax effect of tax losses for which no deferred tax asset was recognised	11.915	19.113
Income tax charge	591	5

The Company is subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

Up to 31 December 2008, under certain conditions interest may be subject to special contribution for defence at the rate of 10%. In such cases 50% of the same interest will be exempt from income tax thus having an effective tax rate burden of approximately 15%.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

9 Income tax expense (continued)

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

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

10 Financial instruments by category

	Loans and receivables €	Total €
31 December 2012		
Assets as per balance sheet		
Cash and cash equivalents	214.974	214.974

	Other financial liabilities €	Total €
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	406.631	406.631

	Loans and receivables €	Total €
31 December 2013		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	259.344	259.344
Cash and cash equivalents	1.060.063	1.060.063
Total	1.319.407	1.319.407

	Other financial liabilities €	Total €
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	590.443	590.443

11 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:

	2013 €	2012 €
Trade receivables		
Counterparties without external credit rating		
Group 1	**259.344**	-

	2013 €	2012 €
Cash at bank		
Caa1	**1.060.063**	214.974

11 Credit quality of financial assets (continued)

Group 1 – companies within the group, parent entity, common control companies and associates with no defaults in the past.

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

None of the receivables from related parties is past due or impaired.

12 Investments in associates

	2013	2012
	€	€
At beginning of year/period	**-**	-
Additions	**128.640.000**	-
Share of (loss)/profit after tax	**(579.738)**	-
At end of year/period	**128.060.262**	-

The Company's interest in associate, which is unlisted, was as follows:

Name	**Principal activity**	**Country of incorporation**	**2013 % holding**	**2012 % holding**
Hellenic Lotteries S.A	Production, operation, marketing, promotion and overall management of Greek State Lotteries	Greece	67	-

The Company's share of the results of its associate, which is unlisted, and its share of the assets and liabilities, is as follows:

Name	**Country of incorporation**	**Assets**	**Liabilities**	**Profit/(loss)**	**% interest held**
		€	**€**	**€**	
2013					
Hellenic Lotteries S.A	Greece	128.484.159	423.898	(579.738)	67

The above amounts are based on unaudited management figures.

13 Trade and other receivables

	2013	2012
	€	€
Receivables from related parties (Note 17(ii))	**259.344**	-

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

As of 31 December 2013, trade receivables of €259.334 (2012: nil) were fully performing.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2013	2012
	€	€
Euro - functional and presentation currency	**259.344**	-

14 Cash in hand and at bank

	2013 €	2012 €
Cash at bank	**1.060.063**	214.974

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

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Bank balances	**1.060.063**	214.974
Cash and cash equivalents	**1.060.063**	214.974

Cash and cash equivalents are denominated in the following currencies:

	2013 €	2012 €
Euro - functional and presentation currency	**1.060.063**	214.974
	1.060.063	214.974

15 Share capital and share premium

	Number of shares	Share capital €	Advances for the issue of share capital (Note 18) €	Total €
At 1 January 2012	5 000	5.000	-	5.000
At 31 December 2012/1 January 2013	5 000	5.000	-	5.000
Issue of shares	27 995 000	27.995.000	-	27.995.000
Shares to be issued	-	-	102.500.000	102.500.000
At 31 December 2013	28 000 000	28.000.000	102.500.000	130.500.000

On 23 November 2011 (date of incorporation) the Company issued 5 000 shares of €1,00 each. The authorised share capital on incorporation was 200 000 shares of €1,00 each.

On 27 June 2013 the Company increased its authorised and issued share capital to €28.000.000, divided into 28 000 000 shares with a par value of €1,00 per share.

16 Trade and other payables

	2013 €	2012 €
Payables to parent entity (Note 17(ii))	**505.723**	284.823
Accrued expenses	**84.720**	121.808
	590.443	406.631

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

16 Trade and other payables (continued)

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2013 €	2012 €
Euro - functional and presentation currency	**590.443**	406.631

17 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 listed in Athens Stock Exchange.

The following transactions were carried out with related parties:

(i) Directors' and key management personnel remuneration

The total remuneration of the Directors, who are the key management personnel, was as follows:

	2013 €	For the period from 23 November 2011 to 31 December 2012 €
Emoluments in their executive capacity	**79.500**	28.500

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

	2013 €	2012 €
Receivables from related parties (Note 13):		
Hellenic Lotteries S.A	**259.344**	-
Payables to related parties (Note 16):		
OPAP S.A.	**505.723**	284.823

The above balances bear no interest and are payable on demand. The above balances are of a finance nature.

17 Related party transactions (continued)

(iii) Guarantees from OPAP S.A.

The Company participates in a partnership with Intralot Lotteries Ltd, Scientific Games Global Gaming S.a.r.l. and Lottomatica Giochi e Partecipazioni S.r.l. ("the Partnership"). The Partnership was proclaimed in December 2012, as the provisional successful bidder in the international tender for the concession of the exclusive right of production, operations, distribution, promotion and overall management of Greek State Lotteries that was launched by the Hellenic Republic Asset Development Fund. The participation rates of the above companies in the Partnership were: OPAP Investment Ltd 66,99999%, Intralot Lotteries Ltd 16,5%, Scientific Games Global Gaming S.a.r.l.. 16,5% and Lottomatica Giochi e Partecipazioni S.r.l. 0,00001%. On 26 September 2013, Lottomatica Giochi e Partecipazioni S.r.l. transferred its 0,00001% holding to OPAP Investment Ltd, and as a result OPAP Investment Ltd increased its participation to 67%.

The financial bid submitted and paid by the Partnership amounted to € 190 million.

The license relates to the exclusive right of production, operation, distribution, promotion and management of the Greek State Lotteries, which include the National, the Popular and the European Lottery, the Instant State or Scratch Lottery, the Housing State Lottery and the New Year's Lottery.

During 2013 the following developments took place:

1. On 11 June 2013, Hellenic Lotteries S.A was incorporated with the sole purpose of production, operation, distribution, promotion and overall management of Greek State Lotteries.

2. On 30 July 2013 a 12year agreement was signed between Hellenic Lottereis S.A and Hellenic Republic Asset Development Fund for the concession of the exclusive right of production, operations, distribution, promotion and overall management of Greek State Lotteries.

3. On 11 September 2013 the concession agreement was ratified by the Greek Parliament (N. 4183/2013).

As part of the competition of State Lotteries, Alpha Bank issued the following guarantee letters to Hellenic Loterries S.A:

1. A guarantee letter of participation in the competion of total value of € 20 million The Company's participation in the guarantee letter amounted to € 13,4 million.For the issue of this guarantee letter OPAP S.A. pledged as security the amount of € 6,6 million

2. Three «Certain Funds Letters» for a total value equal to 20% of the consideration of €190 million, amount to €38 million. The Company's participation in these bonds amounted to €25,46 million. For the issue of these guarantee letters OPAP S.A. pledged as security the amount of €25,46 million.

3. Three «Commitment Letters» for a total value equal to 50% of the consideration of €190 million, amount to €95 million. The Company's participation in these guarantees amounted to €63,65 million. For the issue of these guarantee letters OPAP S.A. pledged as security the amount of €63,65 million.

17 Related party transactions (continued)

(iii) Guarantees from OPAP S.A. (continued)

The total cash collateral of OPAP S.A. for the issue of the above ,from 1 to 3 letters, amounts to €95,71 million. The cash collateral of OPAP S.A. was released during 2013.

4. Two performance letters of guarantees amounting to €17,5m with National Bank of Greece and Alpha Bank. These letters are vald until 31 December 2014.

18 Events after the balance sheet date

On 24 January 2014 the Board of Directors approved the increase of the authorised share capital of the Company by issuing 100 000 new ordinary shares with a nonimal value of €1,00 per share. The new shares were issued at a premium of €1.024,00 per share, with a total value of €102.500.000.

Independent auditor's report on pages 4 to 6.

OPAP INVESTMENT LIMITED

Additional information to the statement of comprehensive income

Analysis of expenses for the year ended 31 December 2013

	2013	For the period from 23 November 2011 to 31 December 2012
	€	€
Administrative expenses		
Directors' remuneration	**79.500**	28.500
Auditors' remuneration	**8.340**	5.000
Legal Services	**503.524**	84.231
Secretarial fees	**6.000**	2.500
Legalisation of documents	**1.253**	1.505
Formation expenses	**-**	5.523
Postages and courier	**562**	72
Travelling abroad expenses	**1.105**	-
Taxes and licences	**1.919**	-
Bank charges	**167.785**	69.355
Sundry expenses	**700**	-
Fees for the issue of share capital	**166.800**	-
	937.488	196.686