OPAP (CYPRUS) LIMITED

Financial Statements

31 December 2009

OPAP (CYPRUS) LIMITED

Financial statements

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Company information

Board of Directors:	Charalambos Stamatopoulos (President) (Appointed on 3 February 2010) Christos Hatziemmanouil (President) (Resigned on 3 February 2010) Andreas Efstathiadis (Appointed on 3 February 2010) George Kyriakos (Appointed on 3 February 2010) Asterios Lachanas (Appointed on 3 February 2010) Ilias Mirianthous (Appointed on 3 February 2010) Venetsanos Rogkakos (Appointed on 3 February 2010) Efthimios Alexandris (Resigned on 10 April 2009) Isidoros Makrides (Resigned on 3 February 2010) Constantinos Kollias (Resigned on 3 February 2010) Zacharias Kyriakou (Resigned on 3 February 2010) Constantinos Papadopoulos (Resigned on 3 February 2010) Charalambos Stylianou
Company Secretary:	Maria Kanari (Resigned on 3 February 2010) Elena Pantziarou (Appointed on 3 February 2010)
Independent Auditors:	Grant Thornton Certified Public Accountants (Cy) 41-49 Agiou Nicolaou Street Nimeli Court, Block C P.O. Box 23907 1687 Nicosia, Cyprus
Registered Office:	Likavitou 58 Egkomi 2401 Nicosia
Registration number:	140568

Report of the Board of Directors

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2009.

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

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

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

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

The turnover amounted to € 197.344.684, recording an increase of 23.39% compared to 2008. The above increase is attributed to: the reformation of games with the simultaneous increase in the price per column, the JACK POT in the game Joker, the positive image and credibility of the company in the Cypriot market, a modern IT infrastructure, the development of a certain social contribution strategy and the establishment of a unique corporate image at the agencies.

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

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

Results
The Company's results for the year are set out on pages 7 and 8. The Board of Directors recommends the payment of a dividend as detailed below and the remaining net profit for the year is retained.

Dividends

The Company did not authorize the payment of final dividend for the year 2009(2008: € 2.558.583).

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

Report of the Board of Directors

Board of Directors
The members of the Board of Directors of the Company as at 31 December 2009 and as at the date of this report are shown on page 1. All of them were members of the Board throughout the year ended 31 December 2009, except from Mr. Efthimios Alexandris who resigned on 10 April 2009. Mr. Christos Hadjiemmanuil resigned on 3 February 2010 from the position of President and the on the same date Mr. Charalambos Stamatopoulos was appointed in his place. On the same day Messrs Isidoros Makrides, Constantinos Kollias, Zacharias Kyriakou and Constantinos Papadopoulos were resigned and on the same date Messrs Andreas Efstathiadis, George Kyriakos, Asterios Lachanas, Ilias Myrianthis and Venetsanos Rogakos were appointed in their place.

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

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

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

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

By order of the Board of Directors,

Elena Patziarou
Secretary

Nicosia, Cyprus, 31 March 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OPAP (CYPRUS) LIMITED

Report on the Financial Statements

We have audited the financial statements of OPAP (CYPRUS) LIMITED (the "Company") on pages 6 to 28, which comprise the statement of financial position as at 31 December 2009 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OPAP (CYPRUS) LIMITED (continued)

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 of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

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

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

Other Matter

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

Grant Thornton
Certified Public Accountants (Cy)

Nicosia, 31 March 2010

Statement of financial position

31 December 2009

	Note	2009 €	2008 €
ASSETS			
Non-current assets			
Property, plant and equipment	7	**283.983**	230.093
Intangible assets	8	**12.699**	31.213
Available-for-sale financial assets	9	**2.988.317**	-
Other receivables	10	**5.782.878**	-
		9.067.877	261.306
Current assets			
Trade and other receivables	11	**5.822.356**	5.198.977
Cash at bank and in hand	12	**20.822.254**	20.763.875
		26.644.610	25.962.852
Total assets		**35.712.487**	26.224.158
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**1.700.000**	1.700.000
Fair value reserve		**1.228.317**	-
Retained earnings		**14.081.254**	6.326.535
		17.009.571	8.026.535
Non-current liabilities			
Guarantee deposits from agents	14	**184.363**	180.202
		184.363	180.202
Current liabilities			
Trade and other payables	15	**18.357.119**	17.960.860
Current tax liabilities	16	**161.434**	56.561
		18.518.553	18.017.421
Total liabilities		**18.702.916**	18.197.623
Total equity and liabilities		**35.712.487**	26.224.158

On 31 March 2010 the Board of Directors of OPAP (CYPRUS) LIMITED authorised these financial statements for issue.

....	....
Charalambos Stamatopoulos	George Kyriakos
President	Director

The notes on pages 11 to 28 form an integral part of these financial statements.

Income statement

Year ended 31 December 2009

	Note	2009 €	2008 €
Revenue		**197.344.684**	159.941.012
Cost of sales		**(183.068.304)**	(148.567.558)
Gross profit		**14.276.380**	11.373.454
Other income	17	**4.567**	14.703
Administration expenses		**(2.282.188)**	(1.799.573)
Selling and distribution expenses		**(4.034.138)**	(3.314.105)
Operating profit	18	**7.964.621**	6.274.479
Finance income	20	**663.451**	806.269
Finance costs	20	**(3.919)**	(2.881)
Profit before tax		**8.624.153**	7.077.867
Income tax	21	**(869.434)**	(754.024)
Profit for the year		**7.754.719**	6.323.843

The notes on pages 11 to 28 form an integral part of these financial statements.

Statement of comprehensive income

Year ended 31 December 2009

	Note	2009 €	2008 €
Profit for the year		**7.754.719**	6.323.843
Comprehensive income			
Fair value gain on available for sale financial assets		**1.228.317**	-
Other comprehensive income, after tax		**1.228.317**	-
Total comprehensive income for the year		**8.983.036**	6.323.843

The notes on pages 11 to 28 form an integral part of these financial statements.

Statement of changes in equity

Year ended 31 December 2009

	Share capital €	Fair value reserve - available-for-sale financial assets €	Retained earnings €	Total €
At 1 January 2008	**1.702.692**	**-**	**2.558.583**	**4.261.275**
Comprehensive income				
Profit for the year	-	-	6.323.843	6.323.843
Exchange difference due to change on functional currency	(2.692)	-	2.692	-
Total comprehensive income for 2008	(2.692)	-	6.326.535	6.323.843
Other equity changes				
Dividends	-	-	(2.558.583)	(2.558.583)
	-	-	(2.558.583)	(2.558.583)
At 31 December 2008/ 1 January 2009	**1.700.000**	**-**	**6.326.535**	**8.026.535**
Comprehensive income				
Profit for the year	-	-	7.754.719	7.754.719
Fair value adjustment	-	1.228.317	-	1.228.317
Total comprehensive income for 2009	-	1.228.317	7.754.719	8.983.036
At 31 December 2009	**1.700.000**	**1.228.317**	**14.081.254**	**17.009.571**

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

The notes on pages 11 to 28 form an integral part of these financial statements.

Statement of cash flows

Year ended 31 December 2009

	Note	2009 €	2008 €
Operating activities			
Profit before tax		**8.624.153**	7.077.867
Adjustments:			
Depreciation of property, plant and equipment	7	**143.812**	158.502
Amortisation of intangible assets	8	**18.825**	18.955
(Profit) from the sale of property, plant and equipment		**(4.567)**	(8.503)
Dividend income	20	**(11.000)**	-
Interest income	20	**(652.451)**	(805.278)
		8.118.772	6.441.543
Changes in working capital:			
Trade and other receivables		**(623.379)**	(614.987)
Trade and other payables		**392.920**	4.392.685
Cash flows from operations		**7.888.313**	10.219.241
Tax paid		**(764.815)**	(553.870)
Net cash from operating activities		**7.123.498**	9.665.371
Investing activities			
Payment for purchase of intangible assets	8	**(311)**	(7.032)
Payment for purchase of property, plant and equipment	7	**(202.882)**	(119.714)
Payment for purchase of available-for-sale financial assets		**(1.760.000)**	-
Loans granted		**(5.740.000)**	-
Proceeds from disposal of property, plant and equipment	7	**10.000**	22.055
Interest received		**609.574**	805.278
Dividends received		**11.000**	-
Net cash (used in) / from investing activities		**(7.072.619)**	700.587
Financing activities			
Proceeds from new agent guarantee deposits		**7.500**	55.882
Dividends paid		**-**	(2.558.583)
Net cash from / (used in) financing activities		**7.500**	(2.502.701)
Net increase in cash and cash equivalents		**58.379**	7.863.257
Cash and cash equivalents:			
At beginning of the year	12	**20.763.875**	12.900.618
At end of the year	12	**20.822.254**	20.763.875

The notes on pages 11 to 28 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

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

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

Principal activity

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

2. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost conventionas amended by the estimation of fair value of financial assets.

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

Adoption of new and revised IFRSs

As from 1 January 2009, the Company adopted all the IFRSs and International Accounting Standards (IAS), which became effective and also were endorsed by the European Union and are relevant to its operations. The adoption of these Standards had a material effect on the financial statements as follows:

2. Accounting policies (continued)

- The application of IAS 1 (Revised 2007): "Presentation of Financial Statements" has significantly changed the presentation of the financial statements. The adoption of the standard does not affect the financial position or profits of the Company, but gives rise to additional disclosures, and also requires the preparation of a new statement 'Statement of comprehensive income'. The measurement and recognition of the Company's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income, such as for example revaluation of property, plant and equipment.

- The Company has applied the amendment to IFRS 7 "Improving Disclosures about Financial Instruments" effective from 1 January 2009. This amendment requires the Company to present certain information about financial instruments measured at fair value in the statement of financial position. In the first year of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the year ended 31 December 2009.

All IFRSs issued by the International Standards Board (IASB) which are effective for the year ended 31 December 2009, have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39: "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2009:

<u>Standards and Interpretations adopted by the EU</u>

- IFRS 1 (Revised): "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 July 2009).
- IFRS 3 (Revised): "Business Combinations" (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 (Revised): "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 17: "Distributions of Non-cash Assets to Owners" (effective for annual periods on or after 1 July 2009).
- Amendment to IFRS 1 and IAS 27: "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS 39: "Eligible Hedged Items" (effective for annual periods beginning on or after 1 July 2009).

2. Accounting policies (continued)

Standards and Interpretations not adopted by the EU

- Improvements to IFRSs - 2009 (effective for annual periods beginning on or after 1 July 2009).
- IFRS 9: "Financial Instruments: Classification and Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 24 (Revised): "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).
- Amendment to IFRS 1: "Additional Exemptions for First-time Adopters" (effective for annual periods beginning on or after 1 January 2010).
- Amendment to IFRS 2: "Group cash-settled Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2010).
- Amendment to IAS 32: "Classification of Rights Issues" (effective for annual periods beginning on or after 1 February 2010).
- Amendment to IFRIC 14: "Prepayments of a Minimum Funding Requirement" (effective for accounting periods beginning on or after 1 January 2011).

The Board of Directors expects that when these standards or interpretations become effective in future periods will not have a material effect on the financial statements of the Company.

Property, plant and equipment

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

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

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

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

Expenditure for repairs and maintenance of plant and equipment is charged to results at the year they are incurred. The cost of major renovations and other subsequent expenditure is included in the value of the asset when it is probable that future economic benefits will flow to the Company, larger than originally predicted in the original performance of the asset. Major renovations are depreciated over the remaining useful life of the asset.

2. Accounting policies (continued)

Property, plant and equipment (continued)

Gains and losses on disposal of plant and equipment are determined by comparing receipts with the carrying amount and are recognized in the income statement.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and 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 beyond their original specifications is capitalised. Costs associated with maintenance of computer software are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

Available-for-sale financial assets

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

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

2. Accounting policies (continued)

Loans and receivables

(i) Trade receivables

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

(i) Loans granted

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

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

Trade payables

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

Cash and cash equivalents

Cash and cash equivalents compriseof cash in hand and bank.

2. Accounting policies (continued)

Impairment of non-financial assets

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

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

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

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

Provisions

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

Non-current liabilities

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

2. Accounting policies (continued)

Revenue

- **Revenue from games**

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

- **Rental income**

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

- **Interest income**

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

- **Dividend income**

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

Staff benefits

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

Borrowing costs

Borrowing costs include interest expense on bank overdrafts, as well as bank charges.

Tax

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

2. Accounting policies (continued)

Dividends

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

3. Financial risk management

(1) Financial risk factors

The Company is exposed to credit risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(1.1) Credit risk

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

4. Fair values of financial instruments

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The following analysis presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. Based on the significance of inputs used in measuring the fair value, this hierarchy groups financial assets and liabilities into three levels as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

4. Fair values of financial instruments (continued)

31 December 2009	Level 1	Level 2	Fair values
	€	€	€
Financial assets			
Available-for-sale	2.988.316	-	2.988.317
	2.988.316	-	2.988.317
Financial liabilities			
	-	-	-

31 December 2008	Level 1	Level 2	Fair values
	€	€	€
Financial assets			
	-	-	-
Financial liabilities			
	-	-	-

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

5. Capital management

The Company manages its capital for the purpose of:

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

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

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

6. 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.

6. Critical accounting estimates and judgements (continued)

- **Significant management judgement**

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

- **Estimation uncertainty**

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

  Income taxes

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

Notes to the financial statements

Year ended 31 December 2009

7. Property, plant and equipment

	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€
Cost				
At 1 January 2008	589.623	99.588	132.393	821.604
Additions	44.063	45.723	29.928	119.714
Disposals	-	(50.836)	-	(50.836)
At 31 December 2008/ 1 January 2009	**633.686**	**94.475**	**162.321**	**890.482**
Additions	123.879	52.650	26.353	202.882
Disposals	(1.335)	(35.470)	-	(36.805)
At 31 December 2009	**756.230**	**111.655**	**188.674**	**1.056.559**
Depreciation				
At 1 January 2008	397.768	57.497	83.907	539.172
Charge for the year	123.064	16.780	18.657	158.501
On disposals	-	(37.284)	-	(37.284)
At 31 December 2008/ 1 January 2009	**520.832**	**36.993**	**102.564**	**660.389**
Charge for the year	104.248	16.995	22.316	143.559
On disposals	(185)	(31.187)	-	(31.372)
At 31 December 2009	**624.895**	**22.801**	**124.880**	**772.576**
Net book amount				
At 31 December 2009	**131.335**	**88.854**	**63.794**	**283.983**
At 31 December 2008	**112.854**	**57.482**	**59.757**	**230.093**

	2009	2008
	€	€
Net book amount	**5.433**	13.552
Profit from the sale of property, plant and equipment (Note 17)	**4.567**	8.503
Proceeds from disposal of property, plant and equipment	**10.000**	22.055

8. Intangible assets

	Computer software €	Total €
Cost		
At 1 January 2008	151.461	151.461
Additions	7.032	7.032
At 31 December 2008/ 1 January 2009	**158.493**	**158.493**
Additions	311	311
At 31 December 2009	**158.804**	**158.804**
Amortisation		
At 1 January 2008	108.325	108.325
Charge for the year	18.955	18.955
At 31 December 2008/ 1 January 2009	**127.280**	**127.280**
Charge for the year	18.825	18.825
At 31 December 2009	**146.105**	**146.105**
Net book amount		
At 31 December 2009	**12.699**	**12.699**
At 31 December 2008	**31.213**	**31.213**

9. Available-for-sale financial assets

	2009 €	2008 €
On 1 January	-	-
Additions	**2.988.317**	-
At 31 December	**2.988.317**	-

	Fair values 2009 €	**Cost 2009 €**	Fair values 2008 €	Cost 2008 €
Securities listed on the Milan Stock Exchange	**2.988.317**	**1.760.000**	-	-
	2.988.317	**1.760.000**	-	-

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

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

Notes to the financial statements

Year ended 31 December 2009

10. Non-current receivables

	2009	2008
	€	€
Loans to related companies (Note 23)	5.782.878	-
	5.782.878	-

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

11. Trade and other receivables

	2009	2008
	€	€
Trade receivables	3.129.349	2.152.779
Receivables from parent company (Note 23)	2.617.494	2.939.642
Deposits and prepayments	61.814	16.692
Loans receivable	13.699	13.627
Other receivables	-	76.237
	5.822.356	5.198.977

Ageing of past due but not impaired:

	2009	2008
	€	€
Less than 3 months	3.129.349	2.152.779
	3.129.349	2.152.779

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.

12. Cash and cash equivalents

	2009	2008
	€	€
Cash in hand	201	-
Cash at bank	20.822.053	20.763.875
	20.822.254	20.763.875

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

	2009	2008
	€	€
Cash at bank and in hand	20.822.254	20.763.875
Bank overdrafts	-	-
	20.822.254	20.763.875

13. Share capital

	2009 Number of shares	2009 €	2008 Number of shares	2008 €
Authorised				
Issued and fully paid				
On 1 January	**1.700.000**	**1.700.000**	1.700.000	1.702.692
Exchange difference	**-**	**-**	-	(2.692)
At 31 December	**1.700.000**	**1.700.000**	1.700.000	1.700.000

14. Guarantee deposits from agents

	2009 €	2008 €
Guarantee deposits from agents	184.363	180.202
	184.363	180.202

15. Trade and other payables

	2009 €	2008 €
Trade payables	**2.933.769**	4.517.700
Accruals	**5.940.452**	5.100.093
Other creditors	**4.127.241**	3.507.007
Payables to fellow subsidiaries (Note 23)	**5.355.657**	4.836.060
	18.357.119	17.960.860

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

16. Current tax liabilities

	2009 €	2008 €
Corporation tax	**150.423**	48.406
Special contribution for defence	**11.011**	8.155
	161.434	56.561

17. Other income

	2009 €	2008 €
Gain from sale of property, plant and equipment	**4.567**	8.503
Rental income	**-**	6.200
	4.567	14.703

18. Operating profit

	2009	2008
	€	€
Operating profit is stated after charging the following items:		
Depreciation of property, plant and equipment and intangible assets (Note.7 & 8)	**162.383**	177.457
Staff costs including directors in their executive capacity (Note 19)	**1.447.492**	1.292.238
Auditors' remuneration	**21.611**	15.075

19. Staff costs

	2009	2008
	€	€
Wages and salaries	**1.333.908**	1.198.731
Social insurance costs and other funds	**50.508**	40.913
Social cohesion fund	**21.338**	16.507
Provident fund contributions	**41.738**	36.087
	1.447.492	1.292.238
Average number of employees (including directors in their executive capacity)	**24**	24

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.

20. Finance income / cost

	2009	2008
	€	€
Interest income	**652.451**	805.278
Exchange profit	**-**	991
Dividend income	**11.000**	-
Finance income	**663.451**	806.269
Other finance expenses	**3.919**	2.881
Finance costs	**3.919**	2.881
Net finance income	**659.532**	803.388

21. Income tax

	2009	2008
	€	€
Corporation tax - current year	**804.017**	679.159
Defence contribution - current year	**64.317**	74.865
Other taxes	**1.100**	-
Charge for the year	**869.434**	754.024

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

	2009	2008
	€	€
Profit before tax	**8.624.153**	7.077.867
Tax calculated at the applicable tax rates	**862.415**	707.787
Tax effect of expenses not deductible for tax purposes	**21.435**	24.014
Tax effect of allowances and income not subject to tax	**(78.733)**	(52.642)
Defence contribution current year	**64.317**	74.865
Tax charge	**869.434**	754.024

The Company is subject to corporation tax on its taxable profits at the rate of 10%. Any capital gains are taxed at the rate of 20%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

22. Dividends

The Company did not authorize the payment of final dividend for the year 2009 € - (2008: € 2.558.583).

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

23. Related party transactions

The Company is controlled by OPAP A.E., incorporated in Greece, which owns 100 % of the Company's shares. The Company, during the year ended 31 December 2009, gave rights of € 19.734.468 (2008: € 15.994.101) to OPAP A.E.

The following transactions were carried out with related parties:

23.1 Directors' remuneration

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

	2009	2008
	€	€
Directors' remuneration	341.637	348.363
	341.637	348.363

23.2 Purchases of services from related parties

	2009	2008
	€	€
OPAP Services S.A.	125.000	-
	125.000	-

23.3 Reimbursable expenses

	2009	2008
	€	€
OPAP International Limited - Rent	-	6.200
OPAP International Limited - Electricity and telephone	-	1.906
	-	8.106

23.4 Receivables from parent company (Note 11)

		2009	2008
Name	Nature of transactions	€	€
OPAP S.A.	Games winnings	2.617.494	2.939.642
		2.617.494	2.939.642

23.5 Loans to related company (Note 10)

	2009	2008
	€	€
OPAP International Limited	5.782.878	-
	5.782.878	-

The loan to related company OPAP International Limited was granted an interest rate of Euribor plus 0.5% and has a repayment period of 5 years.

23. Related party transactions (continued)

23.6 Payables to parent company (Note 15)

Name	Nature of transactions	**2009**	2008
		€	€
OPAP S.A.	Rights	**5.355.657**	4.836.060
		5.355.657	4.836.060

24. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2009.

25. Commitments

The Company had no capital or other commitments as at 31 December 2009.

26. Events after the end of the reporting year

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

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