

**OPAP GLORY LIMITED**

**ANNUAL REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

**OPAP GLORY LIMITED**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**CONTENTS**

	<b>Page</b>
Directors and Officers	1
Directors' report	2 - 3
Auditors' report	4 - 5
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8
Consolidated Cashflow Statement	9
Notes to the Consolidated Financial Statements	10 - 21

**DIRECTORS AND PROFESSIONAL ADVISORS**

**Board of Directors**

Glavkos Charmantas	- Chairman
Andreas Efthyvoulou	- General Manager
Constantinos Tsaousis	- Resigned on 18 February 2005
Demetrios Politis	- Resigned on 18 February 2005
Nicos Pavlias	- Resigned on 18 February 2005
Panayiotis Skilakakis	- Appointed on 18 February 2005
Demetrios Kranias	- Appointed on 18 February 2005
Kostas Rigopoulos	- Appointed on 18 February 2005

**Alternate directors**

Kimonas Kimonos	- Alternate to Andreas Efthyvoulou from 1 October 2003
-----------------	--

**Lawyers**

A.N. Papageorgiou & Co.

**Auditors**

Deloitte & Touche Limited

**Secretary**

Leandros Zachariades

**Assistant Secretary**

Demetrios Chadginestoros  
George Papacharalambous

**Registered Office**

Glory Tower  
Corner Philippou & Kavallas  
CY-2363 Agios Dometios, Nicosia, Cyprus  
P.O. Box 22493, CY-1522 Nicosia, Cyprus

**DIRECTORS REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their annual report on the affairs of the Group, together with the consolidated financial statements and the auditors' report for the year ended 31 December 2005.

**Principal Activities**

The principal activity of the Company is the management of principal and betting companies operating in Cyprus.

**Incorporation and ultimate holding company**

The Company was incorporated in Cyprus on 16 October 2002, as a limited company under the provisions of the Companies Law Cap. 113 with the name of Glory Leisure Holdings Ltd. On 29 September 2003 the Company was renamed to OPAP Glory Ltd. As at 30 September 2003 the holding company of the Group was Glory Worldwide Holdings Ltd and the ultimate holding company was Quantum Corporation Ltd. According to the agreement that was signed with OPAP A.E. a company registered on the Athens Stock Exchange 90% of the Group was acquired at the price of Euro 16.000.000. The agreement came into effect on 1 October 2003.

**Results**

The consolidated income statement for the year ended 31 December 2005 is set out on page 6. The loss for the year was C£118.786 (2004-loss C£534.348).

**Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2005.

**Capital**

The authorised, issued and fully paid share capital of the Company is 1.000.000 ordinary shares of £1 each.

**Board of Directors**

The names of the Board of Directors as at the date of this report are shown on page 1. On 18 February 2005, Mr Konstandinos Tsaousis, Demetrios Politis and Nikos Pavlias have resigned and on the same date Mr Panayiotis Skilakakis, Demetrios Kranias and Kostas Rigopoulos were appointed.

According to the provisions of the Company's Articles of Association at each Annual General Meeting one third of the board members resign and are eligible for re-election.

**Alternate Directors**

Mr Kimonas Kimonos is alternate to Andreas Efthyvoulou.

**Secretary**

Mr Leandros Zachariades has the position of the secretary.

**DIRECTORS REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2004****Taxation**

The Company is subject to taxation under the provisions of the Cyprus Tax Legislation. For more information refer to note 11 of the financial statements.

**Directors' interest**

None of the board members including their spouse and children or companies in which they own directly or indirectly more than 20% of the voting rights have any interest in the Company.

**Principal shareholders**

As at the date of this report, the shareholders that hold more than 5% of the share capital of the Company are as follows:

	20 January 2006	31 December 2005
	%	%
OPAP A.E.	90	90
Glory Worldwide Holdings Ltd	10	10

**Related party transactions**

There are no agreements between the Company and its directors or other related parties as at 31 December 2005 or at the date of this report, apart from those described in note 13 of the financial statements.

**Auditors**

The directors will place a resolution before the annual general meeting to re-appoint Deloitte & Touche Limited as auditors for the ensuing year. Another resolution will be placed which will authorize the Board of Directors to determine the auditor's fees.

**By order of the Board**

Leandros Zachariades  
Secretary

Nicosia, 13 February 2006

## **Auditors' report to the members of OPAP Glory Limited**

### **Report on the financial statements**

1 We have audited the consolidated financial statements of OPAP Glory Limited (the Company) and its subsidiaries (the Group) on pages 6 to 21, which comprise the consolidated balance sheet as at 31 December 2005 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2005 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113.

**Report on other legal requirements**

- 4 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 consolidated 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.

**Deloitte & Touche Limited**  
**Certified Public Accountants**

Nicosia, 13 February 2006

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	1.1.05 to 31.12.05 C£	1.1.04 to 31.12.04 C£
Turnover		5.649.129	6.724.651
Cost of sales		(3.783.963)	(5.050.717)
<b>Gross Profit</b>		<b>1.865.166</b>	<b>1.673.934</b>
Other operating income	13 (i)	-	60.000
Administration expenses		(579.063)	(570.887)
UGS usage and maintenance charges	13 (ii)	(370.300)	(452.298)
Other operating expenses		(812.920)	(1.006.352)
<b>(Loss)/profit from operations</b>		<b>102.883</b>	<b>(295.603)</b>
Depreciation of tangible fixed assets	5	(175.999)	(189.369)
<b>Net loss from operations</b>		<b>(73.116)</b>	<b>(484.972)</b>
Net financing cost	9	(45.590)	(49.342)
<b>Loss before taxation</b>	10	<b>(118.706)</b>	<b>(534.314)</b>
Taxation	11	(80)	(34)
<b>Net loss for the year</b>		<b>(118.786)</b>	<b>(534.348)</b>

See accompanied notes to the consolidated financial statements



**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED BALANCE SHEET - 31 DECEMBER 2005**

	Notes	31.12.05 C£	31.12.04 C£
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and in hand	3	584.445	146.791
Debtors	4	150.118	619.408
Total current assets		734.563	766.199
<b>Fixed assets</b>			
Tangible fixed assets	5	287.836	462.745
Total fixed assets		287.836	462.745
<b>Total assets</b>		<b>1.022.399</b>	<b>1.228.944</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Creditors	7	195.697	250.763
Taxation	11	6.620	39.313
Total current liabilities		202.317	290.076
<b>Equity</b>			
Share capital	8	1.000.000	1.000.000
Reserves		(179.918)	(61.132)
Total equity		820.082	938.868
<b>Net loss for the year</b>		<b>1.022.399</b>	<b>1.228.944</b>

The consolidated financial statements were approved by the board of directors on 13 February 2006.

\_\_\_\_\_  
Glavkos Charmantas  
Chairman

\_\_\_\_\_  
Andreas Efthyvoulou  
General Manager

See accompanied notes to the consolidated financial statements

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>Share Capital C£</b>	<b>Profit &amp; Loss Account C£</b>	<b>Total C£</b>
Balance 1 January 2004	1.000.000	473.216	1.473.216
Loss after taxation for the year	-	(534.348)	(534.348)
Balance 1 January 2005	1.000.000	(61.132)	938.868
Loss after taxation for the year	-	(118.786)	(118.786)
Balance 31 December 2005	1.000.000	(179.918)	820.082

See accompanied notes to the consolidated financial statements

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>Note</b>	<b>1.1.05 to 31.12.05 C£</b>	<b>1.1.04 to 31.12.04 C£</b>
<b>Cashflow from operating activities</b>			
Loss before taxation		(118.706)	(534.314)
Adjustments for:			
- Depreciaton of tangible fixed assets		175.999	189.369
- Profit from disposal of tangible fixed assets		(3.456)	-
Interest paid		46.388	49.682
Interest received		(798)	(340)
<b>Net cashflows from/(to) operating activities before working capital changes</b>		99.427	(295.603)
Decrease/(increase) in debtors		469.290	(114.810)
(Decrease)/increase in creditors		(55.066)	156.492
<b>Net cashflows from/(to) operating activities</b>		513.651	(253.921)
Interest received		798	340
Interest paid		(46.388)	(49.682)
Net loss from operations		(32.773)	(65.756)
Loss before taxation		435.288	(369.019)
<b>Cashflows from investing activities</b>			
Purchases of tangible fixed assets		(1.333)	(27.056)
Income from sale of tangible fixed assets		3.699	-
<b>Net cashflows from/(to) investing activities</b>		2.366	(27.056)
<b>Net cashflows from financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalets</b>		437.654	(396.075)
<b>Cash and cash equivalents at the beginning of the year</b>		146.791	542.866
<b>Cash and cash equivalents at the end of the year</b>	3	584.445	146.791

See accompanied notes to the consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. General

#### (a) Incorporation and ultimate holding company

The Company was incorporated in Cyprus on 16 October 2002, as a limited company under the provisions of the Companies Law Cap. 113 with the name of Glory Leisure Holdings Ltd. On 29 September 2003 the Company was renamed to OPAP Glory Ltd. As at 30 September 2003 the holding company of the Group was Glory Worldwide Holdings Ltd and the ultimate holding company was Quantum Corporation Ltd. According to the agreement that was signed with OPAP A.E. a company registered on the Athens Stock Exchange 90% of the Group was acquired at the price of Euro 16.000.000. The agreement came into effect on 1 October 2003.

#### (b) Principal activities

The principal activity of the Company is the management of principal and betting companies operating in Cyprus.

### 2. Accounting policies

A summary of the significant accounting policies adopted by the Group and the Company is as follows:

#### (a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements comply with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments to fair value.

#### Adoption of new and revised International Financial Reporting Standards (IFRS)

In the current year, the company has adopted all of the new and revised IFRS that are relevant to its operations and which were effective for accounting periods beginning on 1 January 2005.

The revised International Accounting Standards (IAS) and the new International Financial Reporting Standards (IFRS) that have been adopted are the following:

- IAS 1	(revised 2003)	Presentation of Financial Statements
- IAS 8	(revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**(a) Basis of preparation (continued)**

- IAS 10	(revised 2003)	Events after the Balance Sheet Date
- IAS 21	(revised 2003)	The Effects of Changes in Foreign Exchange Rates
- IAS 24	(revised 2003)	Related Party Disclosures
- IAS 32	(revised 2003 and amended 2005)	Financial Instruments: Disclosure and Presentation
- IAS 33	(revised 2003)	Profit per share
- IAS 36	(revised 2004)	Impairment of assets
- IAS 38	(revised 2004)	Intangible assets
- IAS 39	(revised 2003 and amended 2005)	Financial instruments: Recognition and measurement
- IFRS 2	(issued 2004)	Share-based Payment
- IFRS 5	(issued 2004)	Non current assets held for sale and discontinued operations

The adoption of these Standards did not have a material impact on the financial statements of the Company.

**Accounting Standards issued but not yet effective**

As of the date of approval of these financial statements, the following Standards and Interpretations (IFRIC) were in issue but not yet effective:

- IAS 1 (revised)	Presentation of Financial Statements - Added disclosures about an entity's capital
- IAS 19 (revised 2004)	Employee benefits (applies to accounting periods beginning on or after 1 January 2006).
- IAS 21 (revised)	Net investment in a foreign operation (applies to accounting periods beginning after 1 January 2006).
- IAS 39 (revised)	Financial instruments: Recognition and measurement – Cash Flow Hedges of Forecast Intragroup Transactions (applies to accounting periods beginning after 1 January 2006).
- IAS 39 (revised)	Financial instruments: Recognition and measurement-fair value option (applies to accounting periods beginning after 1 January 2006).
- IAS 39 and IFRS 4 (revised)	Insurance contracts (applies to accounting periods beginning after 1 January 2006).
- IFRS 1 (revised)	First-time Adoption of International Financial Reporting Standards Amendment relating to IFRS 6 (effective for accounting periods beginning on or after 1 January 2006)
- IFRS 6	Exploration for and Evaluation of Mineral Resources (applies to accounting periods beginning on or after 1 January 2006).
- IFRS 7	Financial Instruments: Disclosures (applies to accounting periods beginning on or after 1 January 2007).
- IFRIC 4	Determining whether an Arrangement contains a Lease (applies to accounting periods beginning after 1 January 2006).
- IFRIC 5	Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (applies to accounting periods beginning after 1 January 2006).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 2. Accounting policies (continued)

- IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (applies to accounting periods beginning after 1 December 2005).
- IFRIC 7	Applying the Restatement Approach under IAS 29 'Financial Reporting in Hyperinflationary Economies' (applies to accounting periods beginning after 1 January 2006).
- IFRIC 8	<i>Scope of IFRS 2</i> (applies to accounting periods beginning after 1 May 2006).
- IFRIC 9	Reassessment of embedded derivatives (applies to accounting periods beginning after 1 June 2006).

The Board of Directors anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

### (b) Principles of Consolidation

The consolidated financial statements of the Group for the year ended 31 December 2005 include the financial statements of OPAP Glory Limited and its subsidiaries as described on note 6 of the financial statements.

Control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of the company's share capital.

The purchase method of accounting is used for acquired businesses. The difference between the cost and the fair value of the acquired company's net assets is recognized in the financial statements as goodwill. Companies acquired or disposed of during the accounting year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intercompany balances and transactions are eliminated.

### (c) Investments in subsidiaries

Subsidiary companies are included in the Balance Sheet of the Holding company at cost and any permanent diminution in value is recognised in the profit and loss account.

### (d) Revenue

The revenue of the Group is wholly earned in Cyprus and comprises betting income after the deduction of betting tax payable to the Cyprus Government. Revenue is recognised on acceptance and collection.

### (e) Property Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation at the balance sheet date. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Motor Vehicles	15
Furniture and equipment	15
Computer Hardware	20

Profit or loss on disposal of tangible fixed assets is included in the profit and loss account.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005****2. Accounting policies (continued)****(f) Taxation**

The provision for taxation is based on the taxable income using the applicable tax rates.

The Company adopts the liability method of accounting to recognise the effect of all temporary differences in the tax basis of assets and liabilities and their financial reporting amounts. Any debit balances on deductible temporary differences are recognized only when all the recognition criteria as per the IAS12 (revised) are satisfied.

**(g) Intangible fixed assets**

The amortisation periods of rights and deferred expenditure are as follows:

- ***Rights***

Rights to use immovable property represents goodwill paid to previous lease holders in order to transfer the lease to the Group and use the property as betting shops. These are written off in the year that they are paid.

- ***Deferred expenses***

Expenses to convert leasehold property into betting shops are written off in the year that they are incurred.

**(h) Critical judgements and sources of estimation uncertainty**

In the process of preparing the financial statements the Board of Directors has made accounting estimates and judgments.

The most important judgments applied in the preparation of the financial statements are stated below:

*(i) Valuation of investments*

The Company uses various method of valuation for its investments in non-listed companies. These methods are based on assumptions made by the Board of Directors of the Company based on the conditions of the market as at the balance sheet date.

*(ii) Income taxation*

The Company is subject to taxation on its activities. The tax assessment requires various estimates during the preparation of the financial statements, as the final tax assessment of the Company is agreed with the Tax Authorities at a later stage. Any difference between the final tax assessment and the provision in the financial statements, will affect the tax charge of future periods, or the losses available for set off with taxable profits of future periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005****2. Accounting policies (continued)****(i) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balance with banks.

**(j) Risk management**

The Group is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk as a result of its financial instruments. The nature of these risks and the control mechanisms in place to deal with them are explained below:

**a) Market Price risk**

Market Price risk is the risk that the value of financial instruments may fluctuates as a result of fluctuations in market prices. The financial assets that are valued at fair value through the profit and loss account are subject to market price risk due to the uncertainty on future prices. The Company manages the market price risk through many investments and diversification of its investment portfolio.

**b) Interest rate risk**

Interest rate risk is the risk that the value of financial instruments may fluctuate as a result of fluctuations in interest rates. The revenues and the cash flows from operating activities are affected from changes in interest rates. The Company monitors interest rate fluctuations on a continuous basis and acts accordingly.

**c) Credit risk**

Credit risk is the risk of failure by counterparties to perform under their contractual commitments. This could reduce the amount of future cash flows from financial instruments at the balance sheet date. The level of exposure to this risk is minimised by the efficient procedures followed by the Company. The bank accounts are kept in creditworthy bank institutions and the company adopts procedures that minimise the exposure to this risk in relation to bank institutions.

**d) Liquidity risk**

Liquidity risk is the risk that arises from the fact that the expiring date of assets and liabilities may be different. As a result of this, the profitability and the risk of losses is higher. The Company has limited exposure towards this risk due to the fact that a significant percentage of its assets can be liquated immediately.

**e) Currency risk**

Currency risk is the risk that the value of financial instruments may fluctuate as a result of fluctuations in foreign currencies. The company is exposed to currency risk due to the increased foreign investments. The Board of directors monitors fluctuations in foreign currencies on a continuous basis and acts accordingly.



**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>31.12.05 C£</b>	<b>31.12.04 C£</b>
<b>3. Cash and cash equivalents</b>		
Cash at bank and in hand	584.445	146.791
	<u>584.445</u>	<u>146.791</u>

	<b>31.12.05 C£</b>	<b>31.12.04 C£</b>
<b>4. Debtors</b>		
Amounts due within one year:		
Trade debtors	40.212	70.140
Prepayments	109.906	135.668
Amounts due from Glory Worldwide Holdings Ltd	-	413.600
	<u>150.118</u>	<u>619.408</u>

	<b>Motor Vehicles C£</b>	<b>Furniture &amp; Equipment C£</b>	<b>Total 31.12.05 C£</b>	<b>Total 31.12.04 C£</b>
<b>5. Tangible fixed assets</b>				
<b>Cost</b>				
Balance 1.1	48.425	1.379.902	1.428.327	1.401.271
Additions	815	518	1.333	27.056
Disposals	(975)	(3.500)	(4.475)	-
Balance 31.12	<u>48.265</u>	<u>1.376.920</u>	<u>1.425.185</u>	<u>1.428.327</u>
<b>Depreciation</b>				
Balance 1.1	30.203	935.379	965.582	776.213
Charge for the year	6.516	169.483	175.999	189.369
On disposals	(732)	(3.500)	(4.232)	-
Balance 31.12	<u>35.987</u>	<u>1.101.362</u>	<u>1.137.349</u>	<u>965.582</u>
<b>Net book value 31.12</b>	<u>12.278</u>	<u>275.558</u>	<u>287.836</u>	<u>462.745</u>

	<b>31.12.05 C£</b>	<b>31.12.04 C£</b>
<b>6. Investments in subsidiaries</b>		
Balance 1.1.05	1.548.346	1.548.346
Additions	-	-
Balance 31.12.05	<u>1.548.346</u>	<u>1.548.346</u>

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**6. Investment in subsidiaries (continued)**

The wholly owned subsidiaries of the Group as at 31 December 2005, their principal activity and their cost of acquisition are as follows:

<b>Name</b>	<b>Principal activity</b>	<b>Issued and fully paid share capital C£</b>	<b>Acq'n cost C£</b>
1. Glory Betting Sports (Principal Cyprus) Ltd	Principal company	100.000	100.000
2. Glory Betting Sports (Cyprus) Ltd	Betting company	20.000	20.000
3. Cashgrove Betting Sports (Principal Cyprus) Ltd	Principal company	100.000	100.000
4. Cashgrove Betting Sports (Cyprus) Ltd	Betting company	20.000	20.000
5. Forza Betting Sports (Principal Cyprus) Ltd	Principal company	100.000	100.000
6. Forza Betting Sports (Cyprus) Ltd	Betting company	5.000	5.000
7. Andromeda Betting Sports (Principal Cyprus) Ltd (ex. Ecco Betting Sports (Principal Cyprus) Ltd)	Principal company	100.000	100.000
8. Andromeda Betting Sports (Cyprus) Ltd (ex. Ecco Betting Sports (Cyprus) Ltd)	Betting company	20.000	20.000
9. Apollo Betting Sports (Principal Cyprus) Ltd	Principal company	100.000	100.000
10. Apollo Betting Sports (Cyprus) Ltd	Betting company	5.000	5.000
11. Athina Betting Sports (Principal Cyprus) Ltd	Principal company	100.000	100.000
12. Athina Betting Sports (Cyprus) Ltd	Betting company	20.000	20.000
13. Thiseas Betting Sports (Principal Cyprus) Ltd	Principal company	100.000	100.000
Balance carried forward		790.000	790.000

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**6. Investment in subsidiaries (cont.)**

Name				Principal activity	Issued and fully paid share capital C£	Acq'n cost C£
Balance 1.1						
Balance brought forward					790.000	790.000
14.	Thiseas	Betting	Sports	Betting company		
	(Cyprus) Ltd				20.000	20.000
Bal 15.	Aris	Betting	Sports	(Principal		
	Cyprus) Ltd			Principal company	100.000	100.000
16.	Aris	Betting	Sports	(Cyprus)		
	Ltd			Betting company	5.000	5.000
17.	Hera	Betting	Sports	(Principal		
	Cyprus) Ltd			Principal company	100.000	100.000
18.	Hera	Betting	Sports	(Cyprus)		
	Ltd			Betting company	20.000	20.000
19.	Hermes	Betting	Sports	Principal company		
	(Principal Cyprus) Ltd				100.000	100.000
20.	Hermes	Betting	Sports	Betting company		
	(Cyprus) Ltd				20.000	20.000
21.	Hercules	Betting	Sports	Betting company		
	(Cyprus) Ltd				20.000	20.000
22.	Hercules	Betting	Sports	Principal company		
	(Principal Cyprus) Ltd				100.000	100.000
23.	Poseidon	Betting	Sports	Betting company		
	(Cyprus) Ltd				20.000	20.000
24.	Poseidon	Betting	Sports	Principal company		
	(Principal Cyprus) Ltd				100.000	100.000
25.	Artemis	Betting	Sports	Principal company		
	(Principal Cyprus) Ltd (ex.					
	Glory Betting Sports					
	(Overseas) Ltd)				100.000	100.000
26.	Artemis	Betting	Sports	Betting company		
	(Cyprus) Ltd (ex. Glory Betting					
	Ltd)				1.000	1.000
					1.496.000	1.496.000

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>31.12.05</b>	<b>31.12.04</b>
	<b>C£</b>	<b>C£</b>
<b>7. Creditors</b>		
Amounts due within one year:		
Trade creditors	1.062	16.759
Accrued expenses	53.521	38.588
Amounts due to directors	650	60.500
Amounts due to Glory Worldwide Holdings Ltd	18.465	-
Amounts due to Glory Technology Ltd	121.999	134.916
	<u>195.697</u>	<u>250.763</u>

On the basis of an agreement between the Company and its ex-holding company Glory Worldwide Holdings Ltd at 30 September 2003, Glory Worldwide Holdings Ltd takes over all debtors, creditors and tax liabilities of the Company as at that date.

	<b>31.12.05</b>	<b>31.12.04</b>
	<b>C£</b>	<b>C£</b>
<b>8. Share capital</b>		
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<b>Issued and fully paid</b>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

	<b>1.1.05</b>	<b>1.1.04</b>
	<b>to</b>	<b>to</b>
	<b>31.12.05</b>	<b>31.12.04</b>
	<b>C£</b>	<b>C£</b>
<b>9. Financing costs (net)</b>		
Interest received	798	340
	<u>798</u>	<u>340</u>
Interest and charges paid	(43.392)	(49.682)
Interest on taxation	(2.996)	-
	<u>(46.388)</u>	<u>(49.682)</u>
Net financing cost	(45.590)	(49.342)

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**1.1.05  
to  
31.12.05  
C£**

**1.1.04  
to  
31.12.04  
C£**

**10. Loss before taxation**

The consolidated loss before taxation is stated after charging:

Directors remuneration	139.000	134.750
Rent	31.764	34.635
Auditors remuneration	13.000	20.000

**1.1.05  
to  
31.12.05  
C£**

**1.1.04  
to  
31.12.04  
C£**

**11. Taxation**

Opening balance	39.313	105.035
Provision for the year:		
- Coproration tax	-	-
- Special contribution for defence	80	34
Payments	(32.773)	(65.756)
Closing balance	6.620	39.313

The reconciliation between the tax charge and the accounting (loss)\profit for the year is as follows:

**1.1.05  
to  
31.12.05  
C£**

**1.1.04  
to  
31.12.04  
C£**

(Loss)\profit before taxation	(118.706)	(534.314)
Corporation tax 10%	-	-
Tax effect of non-deductible expenses	5.844	5.531
Tax effect of non-taxable income	(40)	(17)
Tax effect of income which is taxed separately	80	34
Tax effect of losses carried forward	(5.804)	(5.514)
Tax charge for the year	80	34

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	31.12.05 C£	31.12.04 C£
<b>12. Obligations under non-cancelable leases</b>		
2005	-	33.134
2006	31.764	35.875
2007	31.764	37.437
2008	31.764	40.561
2009	31.764	42.342
2010	31.764	-

- (i) The lease agreement for the main shop of the Company which is for a ten year period gives the Company the right to renew it
- (ii) The lease agreement for a building which is used as a store

**Bala Related party transactions**

The transactions between the Group and its related parties are as follows:

- (i) On 29 October 2003 the Company signed an agreement with Glory Moldova SRL (which is a subsidiary of Quantum Coproration Ltd) for the restructuring of the shop network in Moldova.

Under the terms of the agreement the Company will provide the knowhow for the restructuring of the shop network throughout the Republic of Moldavia.

As from 1 January 2004 the Company has undertaken the monitoring of the restructring process for a fee of C£5.000 per month. This agreement has expired at 31 December 2004.

- (ii) On 2 April 2003 the Company signed an agreement with Glory Technology Ltd (which is a subsidiary of Quantum Corporation Ltd) for the use of the UGS software (Universal Game System INTERGRADED TURN-KEY SOLUTION) for the computerisation of the Group's operations in Cyprus. The agreemnt is for a seven year period and may be renewed for three more years. The annual fees for the use of the system of Glory Technology Ltd, are 5% of gross turnover of the Group plus VAT. Additionally it was agreed that the maintenance fees will be charged at the rate of 14% of the above annual fees plus VAT.

The total annual fees for the use of UGS and the maintenance costs for the year 2005 amounted to C£370.300 (2004:C£452.298).

- (iii) On 1 October 2003 the Company has also signed an agreement with Glory Technology Ltd (subsidiary company of Quantum Corporation Ltd) for the provision of work space and administration services (telephone, electricity, insurance of building, common expenses) at a cost of C£5.000 per month.

**OPAP GLORY LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**14. Financial instruments**

The main financial assets of the Group are it's debtors and the main financial liabilities are it's creditors.

*Fair values:*

The fair value of the financial assets and liabilities of the Group does not materially differ for the carried amount on the balance sheet.

*Credit Risk*

Credit risk is very limited as the main debtor of the Group is Glory Worldwide Holdings Ltd.

**15. Contingent liabilities**

Under the provisions of the current legislation all betting companies must issue a bank guarantee to the Minister of Finance to cover betting tax and winnings that may not be paid by the company. The total amount of the bank guarantees issued by the Group as at 31 December 2004 amounted to C€4,115,000. As at that date there haven't been any claims against those guarantees.

The Group does not have any oher contingent liabilities.

**16. Ultimate Holding Company**

The holding company is OPAP A.E. which is a company registered on the Athens Stock Exchange and holds 90% of the share capital of the Company.