

OPAP (CYPRUS) LIMITED

Report and financial statements 31 December 2012

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OPAP (CYPRUS) LIMITED

Board of Directors and other officers

Board of Directors

Constantinos Louropoulos (President) (appointed 7 August 2012)
Ioannis Spanoudakis (President) (resigned 7 August 2012)
Andreas Efstathiades
Asterios Lachanas
Ilias Myrianthous
Isidoros Makrides (appointed 1 June 2012)
Nikolaos Zachariades
Michalis Chimonas
Charalambos Christou

Company Secretary

Elena Pantziarou

Registered office

128-130 Limassol Street
Strovolos
2015 Nicosia
Cyprus

Auditors

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus
Telephone: + 357 - 22555000
Facsimile: + 357 - 22555001
www.pwc.com/cy

OPAP (CYPRUS) LIMITED

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

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

Change of registered office

3 On 30 March 2012 the Company changed its registered office from 58 Likavitou Street, Egkomi, 2401 Nicosia to 128-130 Limassol Street, Strovolos, 2015 Nicosia.

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

4 The profit of the Company for the year ended 31 December 2012 was €4.364.826 (2011: profit of €1.937.811) and the total comprehensive income was €4.378.576 (2011: total comprehensive income of €2.356.048). On 31 December 2012 the total assets of the Company were €32.544.601 (2011: €29.102.042) and the net assets were €6.078.584 (2011: net assets €11.394.939). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

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

Future developments of the Company

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

Results

7 The Company's results for the year are set out on pages 6 and 7. The Board of Directors does not recommend the payment of a dividend and the profit for the year is retained.

Dividends

8 At the Annual General Meeting on 18 May 2012 a final dividend of €2,400 per share, amounting to €4.081.254 was declared and paid in relation to the profits for the years 2008-2009. Also a dividend of €3,302 per share, amounting to €5.613.677 was declared and paid in relation to the profits for the years 2010-2011.

OPAP (CYPRUS) LIMITED

Report of the Board of Directors (continued)

Share capital

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

Board of Directors

10 The members of the Board of Directors at 31 December 2012 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2012, except Mr Constantinos Louropoulos, who was appointed as President on 7 August 2012 and Mr Isidoros Makridis, who was appointed as Director on 1 June 2012. Mr Ioannis Spanoudakis, who was President at 1 January 2012, resigned on 7 August 2012.

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

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

Events after the balance sheet date

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

Branches

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

Independent Auditors

15 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

Constantinos Louropoulos
President

Nicosia,
15 March 2013



Independent auditor's report

To the Members of OPAP (CYPRUS) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of OPAP (CYPRUS) LIMITED (the "Company"), which comprise the balance sheet as at 31 December 2012, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of OPAP (CYPRUS) LIMITED as at 31 December 2012, 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.

PricewaterhouseCoopers Ltd, Julia House, 3 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus
P O Box 21612, CY-1591 Nicosia, Cyprus
T: +357 - 22 555 000, F: +357 - 22 555 001, www.pwc.com/cy

PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.



Report on other legal requirements

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

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

Other 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 Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 15 March 2013

OPAP (CYPRUS) LIMITED

Income statement for the year ended 31 December 2012

	Note	2012 €	2011 €
Revenue	5	177.082.566	168.942.249
Cost of sales		<u>(164.627.757)</u>	<u>(156.643.812)</u>
Gross profit		12.454.809	12.298.437
Selling and marketing costs		(5.818.738)	(6.870.314)
Administrative expenses		(2.661.647)	(2.114.739)
Other income	6	877.061	615.354
Other gains/(losses) - net	7	<u>7.885</u>	<u>(1.583.543)</u>
Operating profit		4.859.370	2.345.195
Finance costs	10	<u>(150)</u>	<u>(18.530)</u>
Profit before income tax		4.859.220	2.326.665
Income tax expense	11	<u>(494.394)</u>	<u>(388.854)</u>
Profit for the year		<u>4.364.826</u>	<u>1.937.811</u>

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

OPAP (CYPRUS) LIMITED

Statement of comprehensive income for the year ended 31 December 2012

	Note	2012 €	2011 €
Profit for the year		<u>4.364.826</u>	<u>1.937.811</u>
Other comprehensive income:			
Change in value of available-for-sale financial assets	22	13.750	-
Loss on available-for-sale financial assets transferred to the profit or loss	22	<u>-</u>	<u>418.237</u>
Other comprehensive income for the year, net of tax		<u>13.750</u>	<u>418.237</u>
Total comprehensive income for the year		<u>4.378.576</u>	<u>2.356.048</u>

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 11.

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

OPAP (CYPRUS) LIMITED

Balance sheet at 31 December 2012

	Note	2012 €	2011 €
Assets			
Non-current assets			
Property, plant and equipment	15	269.822	160.000
Intangible assets	16	5.416	7.349
Available-for-sale financial assets	17	190.207	176.457
Non-current receivables	18	-	5.866.424
		<u>465.445</u>	<u>6.210.230</u>
Current assets			
Trade and other receivables	19	2.043.522	2.390.624
Tax refundable		281.842	199.465
Cash and cash equivalents	20	<u>29.753.792</u>	<u>20.301.723</u>
		<u>32.079.156</u>	<u>22.891.812</u>
Total assets		<u>32.544.601</u>	<u>29.102.042</u>
Equity and liabilities			
Capital and reserves			
Share capital	21	1.700.000	1.700.000
Other reserves	22	13.750	-
Retained earnings		<u>4.364.834</u>	<u>9.694.939</u>
Total equity		<u>6.078.584</u>	<u>11.394.939</u>
Current liabilities			
Trade and other payables	24	26.272.043	17.530.277
Guarantee deposits from agents	23	<u>193.974</u>	<u>176.826</u>
		<u>26.466.017</u>	<u>17.707.103</u>
Total equity and liabilities		<u>32.544.601</u>	<u>29.102.042</u>

On 15 March 2013 the Board of Directors of OPAP (CYPRUS) LIMITED authorised these financial statements for issue.

Constantinos Louropoulos, President

Michalis Chimonas, Director

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

OPAP (CYPRUS) LIMITED

Statement of changes in equity for the year ended 31 December 2012

	Note	Share capital €	Other reserves €	Retained earnings ⁽¹⁾ €	Total €
Balance at 1 January 2011		<u>1.700.000</u>	<u>(418.237)</u>	<u>10.757.128</u>	<u>12.038.891</u>
Comprehensive income					
Profit for the year		-	-	<u>1.937.811</u>	<u>1.937.811</u>
Other comprehensive income					
Available-for-sale financial assets:					
Transfer to profit or loss due to impairment	22	-	<u>418.237</u>	-	<u>418.237</u>
Total other comprehensive income		-	<u>418.237</u>	-	<u>418.237</u>
Total comprehensive income for the year		-	<u>418.237</u>	<u>1.937.811</u>	<u>2.356.048</u>
Transactions with owners					
Dividend relating to 2010	12	-	-	<u>(3.000.000)</u>	<u>(3.000.000)</u>
Total transactions with owners		-	-	<u>(3.000.000)</u>	<u>(3.000.000)</u>
Balance at 31 December 2011/1 January 2012		<u>1.700.000</u>	-	<u>9.694.939</u>	<u>11.394.939</u>
Comprehensive income					
Profit for the year		-	-	<u>4.364.826</u>	<u>4.364.826</u>
Other comprehensive income					
Available-for-sale financial assets:					
Fair value gains	22	-	<u>13.750</u>	-	<u>13.750</u>
Total other comprehensive income		-	<u>13.750</u>	-	<u>13.750</u>
Total comprehensive income for the year		-	<u>13.750</u>	<u>4.364.826</u>	<u>4.378.576</u>
Transactions with owners					
Dividends relating to 2008-2009	12	-	-	<u>(4.081.254)</u>	<u>(4.081.254)</u>
Dividends relating to 2010-2011	12	-	-	<u>(5.613.677)</u>	<u>(5.613.677)</u>
Total transactions with owners		-	-	<u>(9.694.931)</u>	<u>(9.694.931)</u>
Balance at 31 December 2012		<u>1.700.000</u>	<u>13.750</u>	<u>4.364.834</u>	<u>6.078.584</u>

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

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

OPAP (CYPRUS) LIMITED

Statement of cash flows for the year ended 31 December 2012

	Note	2012 €	2011 €
Cash flows from operating activities			
Profit before income tax		4.859.220	2.326.665
Adjustments for:			
Depreciation of property, plant and equipment	15	95.209	71.577
Amortisation of intangible assets	16	5.459	7.463
Impairment of available-for-sale financial assets	7	-	1.583.543
Profit on sale of property, plant and equipment	15	(7.885)	-
Interest income	6	(877.061)	(615.354)
Interest expense	10	150	18.530
		4.075.092	3.392.424
Changes in working capital:			
Trade and other receivables		347.102	288.758
Trade and other payables		8.741.766	(4.255.844)
Guarantee deposits from agents		17.148	1.167
Cash generated from/(used in) operations		13.181.108	(573.495)
Income tax paid		(576.771)	(609.781)
Net cash generated from/(used in) operating activities		12.604.337	(1.183.276)
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(212.581)	(12.400)
Proceeds from sale of property, plant and equipment	15	15.435	-
Purchases of intangibles	16	(3.526)	(370)
Loan repayments received from related parties	26(v)	5.866.424	(49.765)
Interest received		877.061	588.461
Net cash from investing activities		6.542.813	525.926
Cash flows from financing activities			
Interest paid		(150)	(18.530)
Dividends paid to Company's shareholders	12	(9.694.931)	(3.000.000)
Net cash used in financing activities		(9.695.081)	(3.018.530)
Net increase/(decrease) in cash and cash equivalents		9.452.069	(3.675.880)
Cash and cash equivalents at beginning of year		20.301.723	23.977.603
Cash and cash equivalents at end of year	20	29.753.792	20.301.723

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

OPAP (CYPRUS) LIMITED

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 128-130 Limassol Street, Strovolos, 2015 Nicosia, Cyprus.

OPAP (CYPRUS) LIMITED is currently governed by Law 34 (III) / 2003 that ratifies the agreement between the Greek Republic and the Government of the Republic of Cyprus, for terms of organization, operation, conduct and management of games conducted by OPAP S.A. and by the "taxation of profits from games of OPAP S.A. and by the State Lottery Act of 2012. "

Principal activities

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

2 Summary of significant accounting policies

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

Basis of preparation

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

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2012 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

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

OPAP (CYPRUS) LIMITED

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 2012. This adoption did not have a material effect on the accounting policies of the Company.

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 2012, 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:

- Amendment to IAS 1 “Financial Statements Presentation” on Presentation of Items of Other Comprehensive Income”. The main change resulting from this amendment is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. This amendment is effective for annual periods beginning on or after 1 July 2012.
- 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 standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed by the European Union.
- IFRS 13, “Fair Value Measurement”. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The standard is effective for annual periods beginning on or after 1 January 2013.

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Revenue recognition

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

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

(i) Revenue from games

Revenue from games are recognised when the end user of the coupon submits the coupon to any authorised agent of the Company and the draw of this coupon is completed.

(ii) Interest income

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

Employee benefits

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

Foreign currency translation

(i) Functional and presentation currency

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

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Current and deferred income tax

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

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

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

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

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

Dividend distribution

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

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Property, plant and equipment

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

	%
Motor vehicles	15,4
Furniture, fixtures and office equipment	20
Plant and machinery	20
Computer equipment	20

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

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

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

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

Leases

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

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Guarantee deposits from agents

Guarantee deposits from agents consist of guarantees provided by agents according to the rules that govern the relationship of the Company with them. These guarantees are used to offset any doubtful receivables from agents and are returned to them upon the termination of their cooperation with the Company.

Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

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

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

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

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement

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

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

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

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

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

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'.

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Trade receivables

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

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Trade payables

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

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks.

OPAP (CYPRUS) LIMITED

2 Summary of significant accounting policies (continued)

Comparatives

Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts.

3 Financial risk management

(i) Financial risk factors

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

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

- **Market risk**

Price risk

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

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

The table below summarises the impact of increases/decreases of the Milan Stock Exchange General Index on the Company's post-tax profit for the year and on other components of equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2011:10%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on other components of equity in €	
	2012	2011
Milan Stock Exchange General Index	19.021	17.646

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

The Company does not manage its market price risk.

OPAP (CYPRUS) LIMITED

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

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

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

- **Liquidity risk**

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

	Until 1 year €
At 31 December 2011	
Guarantee deposits from agents	176.826
Trade and other payables	<u>17.530.277</u>
	<u>17.707.103</u>
	Until 1 year €
At 31 December 2012	
Guarantee deposits from agents	193.974
Trade and other payables	<u>26.272.043</u>
	<u>26.466.017</u>

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

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (Note 20)) on the basis of expected cash flow.

(ii) Capital risk management

The Company manages its capital for the purpose of:

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

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

OPAP (CYPRUS) LIMITED

3 Financial risk management (continued)

(ii) Capital risk management (continued)

The capital as defined by management at 31 December 2012 and 2011 consists of equity as shown on the face of the balance sheet.

(iii) Fair value estimation

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

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

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 €
31 December 2012	
Assets	
Available-for-sale financial assets:	
- Equity securities	190.207
Total assets measured at fair value	<u>190.207</u>

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

4 Critical accounting estimates and judgements

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

OPAP (CYPRUS) LIMITED

4 Critical accounting estimates and judgements (continued)

(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 available-for-sale financial assets**

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

5 Revenue

	2012 €	2011 €
Sales JOKER	24.731.396	24.607.785
Sales PROTO	4.656.510	4.832.456
Sales EXTRA 5	1.044.645	1.084.724
Sales SUPER 3	5.606.519	5.547.091
Sales LOTTO	6.350.848	8.195.701
Sales KINO	134.385.506	124.348.098
Sales PROPO	267.409	293.918
Sales PROPOGOAL	39.733	32.476
	<u>177.082.566</u>	<u>168.942.249</u>

OPAP (CYPRUS) LIMITED

6 Other income

	2012 €	2011 €
Interest income:		
Bank balances	838.953	488.711
Loans to related parties (Note 26(v))	37.877	126.423
Other interest income	<u>231</u>	<u>220</u>
Total interest income	<u>877.061</u>	<u>615.354</u>

7 Other gains/(losses) - net

	2012 €	2011 €
Available-for-sale financial assets:		
Impairment charge (Note 17)	<u>-</u>	<u>(1.583.543)</u>
Property, plant and equipment:		
Profit on sale (Note 15)	<u>7.885</u>	<u>-</u>
Total other gains - net	<u>7.885</u>	<u>(1.583.543)</u>

8 Expenses by nature

	2012 €	2011 €
Depreciation and amortisation (Notes 15 and 16)	100.668	79.040
Repairs and maintenance	142.575	130.060
Operating lease payments	166.255	127.700
Insurance	54.594	54.531
Auditors' remuneration	17.400	25.145
Trade receivables - provision for impairment of receivables (Note 19)	44.769	-
Staff costs (Note 9)	1.419.753	1.380.037
Advertising and promotion	1.876.824	2.029.013
Transportation expenses	7.960	7.282
Other expenses	1.478.105	1.145.590
Grants and donations	3.541.651	4.689.422
Legal fees	14.000	13.800
Training of employees and agents	20.228	21.991
Agents' commission	15.650.227	15.077.262
Theoretical winnings	115.767.950	109.579.882
Winnings payable to the Cyprus Government	12.018.700	12.186.075
Fees to OPAP S.A.	17.708.256	16.894.225
Compensation of agents for V.A.T.	2.620.469	2.187.810
Agents' bonuses	138.558	-
General expenses for agencies' repairs	297.303	-
Trade receivables - impairment charge for bad debts	<u>21.897</u>	<u>-</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>173.108.142</u>	<u>165.628.865</u>

The professional fees stated above include fees of €3.800 (2011: €1.500) for tax consultancy services, €750 (2011: €NIL) for other non-assurance services charged by the Company's statutory audit firm.

OPAP (CYPRUS) LIMITED

9 Staff costs

	2012 €	2011 €
Wages and salaries	1.216.756	1.277.000
Termination benefits	80.000	-
Social insurance costs and other funds	60.042	58.151
Provident fund contributions	<u>62.955</u>	<u>44.886</u>
	<u>1.419.753</u>	<u>1.380.037</u>

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.

10 Finance costs

	2012 €	2011 €
Interest expense:		
Overdue taxation	<u>150</u>	<u>18.530</u>

11 Income tax expense

	2012 €	2011 €
Current tax:		
Corporation tax	488.452	388.854
Prior year tax:		
Corporation tax	5.014	-
Defence contribution	<u>928</u>	<u>-</u>
Income tax expense	<u>494.394</u>	<u>388.854</u>

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

	2012 €	2011 €
Profit before tax	<u>4.859.220</u>	<u>2.326.665</u>
Tax calculated at the applicable corporation tax rate of 10%	485.922	232.667
Tax effect of expenses not deductible for tax purposes	4.587	156.187
Tax effect of allowances and income not subject to tax	(2.057)	-
Prior year taxes	<u>5.942</u>	<u>-</u>
Income tax charge	<u>494.394</u>	<u>388.854</u>

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

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

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.

OPAP (CYPRUS) LIMITED

11 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% from 1 January 2012 to 31 December 2013. 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.

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

Tax effects of components of other comprehensive income

	Year ended 31 December					
	2012			2011		
	Before tax €	Tax (charge)/ credit €	After tax €	Before tax €	Tax (charge)/ credit €	After tax €
Available-for-sale financial assets:						
Fair value gains	13.750	-	13.750	-	-	-
Loss transferred to profit or loss due to impairment	-	-	-	418.237	-	418.237
Other comprehensive income	<u>13.750</u>	<u>-</u>	<u>13.750</u>	<u>418.237</u>	<u>-</u>	<u>418.237</u>

12 Dividends per share

At the Annual General Meeting on 18 May 2012 a final dividend of €2,400 per share, amounting to €4.081.254 was declared and paid in relation to the profits for the years 2008-2009. Also a dividend of €3,302 per share, amounting to €5.613.677 was declared and paid in relation to the profits for the years 2010-2011.

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

OPAP (CYPRUS) LIMITED

13 Financial instruments by category

	Loans and receivables €	Available-for- sale €	Total €
31 December 2011			
Assets as per balance sheet			
Available-for-sale financial assets	-	176.457	176.457
Non-current receivables	5.866.424	-	5.866.424
Trade and other receivables (excluding prepayments)	2.335.740	-	2.335.740
Cash and cash equivalents	<u>20.301.723</u>	<u>-</u>	<u>20.301.723</u>
Total	<u>28.503.887</u>	<u>176.457</u>	<u>28.680.344</u>
		Other financial liabilities €	Total €
Liabilities as per balance sheet			
Trade and other payables (excluding statutory liabilities)		16.759.381	16.759.381
Guarantee deposits from agents		<u>176.826</u>	<u>176.826</u>
Total		<u>16.936.207</u>	<u>16.936.207</u>
	Loans and receivables €	Available-for- sale €	Total €
31 December 2012			
Assets as per balance sheet			
Available-for-sale financial assets	-	190.207	190.207
Trade and other receivables (excluding prepayments)	1.934.751	-	1.934.751
Cash and cash equivalents	<u>29.753.792</u>	<u>-</u>	<u>29.753.792</u>
Total	<u>31.688.543</u>	<u>190.207</u>	<u>31.878.750</u>
		Other financial liabilities €	Total €
Liabilities as per balance sheet			
Trade and other payables (excluding statutory liabilities)		25.298.564	25.298.564
Guarantee deposits from agents		<u>193.974</u>	<u>193.974</u>
Total		<u>25.492.538</u>	<u>25.492.538</u>

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14 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:

	2012 €	2011 €
Trade receivables		
Counterparties without external credit rating		
Group 1	111.609	-
Group 2	<u>1.682.567</u>	<u>2.077.580</u>
	<u>1.794.176</u>	<u>2.077.580</u>
Fully performing other receivables		
Group 3	-	5.866.424
Group 4	<u>8.210</u>	<u>14.647</u>
	<u>8.210</u>	<u>5.881.071</u>
	2012 €	2011 €
Cash at bank and short-term bank deposits⁽¹⁾		
Caa1	2.606.654	3.607.536
Caa2	<u>27.147.114</u>	<u>16.694.066</u>
	<u>29.753.768</u>	<u>20.301.602</u>

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

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

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

Group 3 – loans receivable from related party with no defaults in the past.

Group 4 – loans receivable from employees 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 loans and receivables from related parties is past due or impaired.

OPAP (CYPRUS) LIMITED

15 Property, plant and equipment

	Plant and machinery €	Furniture, fixtures and office equipment €	Motor vehicles €	Total €
At 1 January 2011				
Cost	756.230	195.255	111.655	1.063.140
Accumulated depreciation	<u>(658.215)</u>	<u>(145.751)</u>	<u>(39.997)</u>	<u>(843.963)</u>
Net book amount	<u>98.015</u>	<u>49.504</u>	<u>71.658</u>	<u>219.177</u>
Year ended 31 December 2011				
Opening net book amount	98.015	49.504	71.658	219.177
Additions	-	12.400	-	12.400
Depreciation charge (Note 8)	<u>(33.320)</u>	<u>(21.206)</u>	<u>(17.051)</u>	<u>(71.577)</u>
Closing net book amount	<u>64.695</u>	<u>40.698</u>	<u>54.607</u>	<u>160.000</u>
At 31 December 2011				
Cost	756.230	207.654	111.655	1.075.539
Accumulated depreciation	<u>(691.535)</u>	<u>(166.956)</u>	<u>(57.048)</u>	<u>(915.539)</u>
Net book amount	<u>64.695</u>	<u>40.698</u>	<u>54.607</u>	<u>160.000</u>
Year ended 31 December 2012				
Opening net book amount	64.695	40.698	54.607	160.000
Additions	-	212.581	-	212.581
Disposals	-	(7.550)	-	(7.550)
Depreciation charge (Note 8)	<u>(31.940)</u>	<u>(46.417)</u>	<u>(16.852)</u>	<u>(95.209)</u>
Closing net book amount	<u>32.755</u>	<u>199.312</u>	<u>37.755</u>	<u>269.822</u>
At 31 December 2012				
Cost	756.230	292.861	109.478	1.158.569
Accumulated depreciation	<u>(723.475)</u>	<u>(93.549)</u>	<u>(71.723)</u>	<u>(888.747)</u>
Net book amount	<u>32.755</u>	<u>199.312</u>	<u>37.755</u>	<u>269.822</u>

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

	2012 €	2011 €
Net book amount	7.550	-
Profit on sale of property, plant and equipment (Note 7)	<u>7.885</u>	-
Proceeds from sale of property, plant and equipment	<u>15.435</u>	-

Operating lease rentals amounting to €166.255 (2010: €127.700) relating to the lease of property are included in the profit or loss (Note 8).

Depreciation expense of €31.940 (2010: €33.320) has been charged in "cost of goods sold" and €63.269 (2010: €38.257) in "administrative expenses".

OPAP (CYPRUS) LIMITED

16 Intangible assets

	Computer software €
At 1 January 2011	
Cost	174.277
Accumulated amortisation	<u>(159.835)</u>
Net book amount	<u>14.442</u>
Year ended 31 December 2011	
Opening net book amount	14.442
Additions	370
Amortisation charge (Note 8)	<u>(7.463)</u>
Closing net book amount	<u>7.349</u>
At 31 December 2011	
Cost	174.647
Accumulated amortisation	<u>(167.298)</u>
Net book amount	<u>7.349</u>
Year ended 31 December 2012	
Opening net book amount	7.349
Additions	3.526
Amortisation charge (Note 8)	<u>(5.459)</u>
Closing net book amount	<u>5.416</u>
At 31 December 2012	
Cost	178.173
Accumulated amortisation	<u>(172.757)</u>
Net book amount	<u>5.416</u>

17 Available-for-sale financial assets

	2012 €	2011 €
At beginning of year	176.457	1.341.763
Net gains transferred to other comprehensive income (Note 22)	13.750	-
Impairment charge	<u>-</u>	<u>(1.165.306)</u>
At end of year	<u>190.207</u>	<u>176.457</u>
	2012 €	2011 €
Listed equity securities:		
Milan Stock Exchange	<u>190.207</u>	<u>176.457</u>
	<u>190.207</u>	<u>176.457</u>

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

	2012 €	2011 €
Impairment charge on available-for-sale financial assets:		
- transfer from reserves €418.237		
- for the year €1.165.306 (Note 22)	<u>-</u>	<u>1.583.543</u>

OPAP (CYPRUS) LIMITED

17 Available-for-sale financial assets (continued)

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

	2012 €	2011 €
Euro - functional and presentation currency	<u>190.207</u>	<u>176.457</u>
	<u>190.207</u>	<u>176.457</u>

18 Non-current receivables

	2012 €	2011 €
Non-current		
Loans to related parties (Note 26(v))	<u>-</u>	<u>5.866.424</u>

Non-current receivables based on contractual obligations are due on 14 February 2014, bear interest at Euribor plus 0,5%. During the year the loans were repaid in full.

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

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

	2012 %	2011 %
Loans to related parties	2,2	2,2

The carrying amounts of the Company's non-current receivables are denominated in the following currencies:

	2012 €	2011 €
Euro - functional and presentation currency	<u>-</u>	<u>5.866.424</u>

19 Trade and other receivables

	2012 €	2011 €
Trade receivables	1.971.310	2.321.093
Less: Provision for impairment of receivables	<u>(44.769)</u>	<u>-</u>
Trade receivables - net	1.926.541	2.321.093
Prepayments	108.771	54.884
Loans Receivables	<u>8.210</u>	<u>14.647</u>
	<u>2.043.522</u>	<u>2.390.624</u>

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

At 31 December 2011, trade receivables of €132.365 (2010: €243.513) were past due but not impaired. The Company has not made a provision for impairment losses as there has not been a significant change in the credit quality of these receivables and their balances are still considered recoverable. The Company does not hold any collateral in relation to these balances beyond guarantee deposits as disclosed in note 23.

OPAP (CYPRUS) LIMITED

19 Trade and other receivables (continued)

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

	2012 €	2011 €
30 days	1.078	114.410
31-60 days	54.156	66.051
61-90 days	10.181	24.566
Over 91 days	<u>66.950</u>	<u>38.486</u>
	<u>132.365</u>	<u>243.513</u>

As of 31 December 2012, trade receivables of €44.769 (2011: €NIL) were impaired and provided for. The amount of the provision was €44.769 as of 31 December 2012 (2011: €NIL). The individually impaired receivables relate to agents who have not fulfilled their obligations to the Company. The ageing of these receivables is as follows:

	2012 €	2011 €
Over 60 days	<u>44.769</u>	<u>-</u>

Movements on the Company's provision for impairment of trade receivables are as follows:

	2012 €	2011 €
Provision for receivables impairment (Note 8)	<u>44.769</u>	<u>-</u>

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

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

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

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

	2012 €	2011 €
Euro - functional and presentation currency	<u>2.043.522</u>	<u>2.390.624</u>

20 Cash and cash equivalents

	2012 €	2011 €
Cash at bank and in hand	29.753.609	20.301.541
Short-term bank deposits	<u>183</u>	<u>182</u>
	<u>29.753.792</u>	<u>20.301.723</u>

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20 Cash and cash equivalents (continued)

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

	2012 €	2011 €
Cash and cash equivalents	<u>29.753.792</u>	<u>20.301.723</u>

Cash and cash equivalents are denominated in the following currencies:

	2012 €	2011 €
Euro - functional and presentation currency	<u>29.753.792</u>	<u>20.301.723</u>

21 Share capital

	2012		2011	
	Number of shares	€	Number of shares	€
Authorised				
Shares of €1 each	<u>1 700 000</u>	<u>1.700.000</u>	<u>1 700 000</u>	<u>1.700.000</u>
Issued and fully paid				
Shares of €1 each	<u>1 700 000</u>	<u>1.700.000</u>	<u>1 700 000</u>	<u>1.700.000</u>

22 Other reserves

	Fair value reserve €
At 1 January 2011	(418.237)
Available-for-sale financial assets:	
Loss transferred to profit or loss due to impairment (Note 17)	<u>418.237</u>
At 31 December 2011/1 January 2012	-
Available-for-sale financial assets:	
Fair value gains (Note 17)	<u>13.750</u>
At 31 December 2012	<u>13.750</u>

23 Guarantee deposits from agents

Guarantee deposits from agents consist of guarantees provided by agents according to the rules that govern the relationship of the Company with them. These guarantees are used to offset any doubtful receivables from agents and are returned to them upon the termination of their cooperation with the Company.

The fair value of the guarantee deposits is not significantly different from their carrying value at the balance sheet date.

OPAP (CYPRUS) LIMITED

24 Trade and other payables

	2012 €	2011 €
Trade payables	612.098	609.241
Payables to parent entity (Note 26(iv))	14.402.463	5.405.484
Other payables	3.980.581	2.002.359
Amounts due to the Republic of Cyprus	4.422.957	6.321.505
Profits due to winners	2.686.337	3.113.419
Deferred income	167.607	78.269
	<u>26.272.043</u>	<u>17.530.277</u>

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

25 Commitments

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

During the year the Company moved to a new office that rents under operating leases. The leases have varying terms, escalation clauses and renewal rights.

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

	2012 €	2011 €
No later than 1 year	126.416	152.342
Later than 1 year and no later than 5 years	558.292	536.819
Later than 5 years	653.123	801.011
	<u>1.337.831</u>	<u>1.490.172</u>

OPAP (CYPRUS) LIMITED

26 Related party transactions

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

The following transactions were carried out with related parties:

(i) OPAP S.A. fees

	2012 €	2011 €
OPAP S.A. fees (Note 5):		
OPAP S.A. (parent entity)	<u>17.708.256</u>	<u>16.894.225</u>

The above transactions relate to trading activities.

(ii) Purchases of services

	2012 €	2011 €
Purchases of "OPAP cards":		
OPAP S.A. (parent entity)	<u>891</u>	<u>3.373</u>

The above transactions relate to trading activities.

(iii) Directors' and Key management personnel's remuneration

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

	2012 €	2011 €
Emoluments in their executive capacity	<u>311.080</u>	<u>312.552</u>

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

	2012 €	2011 €
Payables to related parties (Note 24):		
OPAP S.A. (parent entity)	<u>14.402.463</u>	<u>5.405.484</u>

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

The above balances relate to trading activities.

(v) Loans to related parties

	2012 €	2011 €
Loans to OPAP International Limited:		
At beginning of year	5.866.424	5.789.766
Loans repaid during year	(5.904.301)	(49.765)
Interest charged (Note 6)	<u>37.877</u>	<u>126.423</u>
At end of year (Note 18)	<u>-</u>	<u>5.866.424</u>

OPAP (CYPRUS) LIMITED

26 Related party transactions (continued)

(v) Loans to related parties (continued)

Non-current receivables based on contractual obligations are due on 14 February 2014, bear interest at Euribor plus 0,5%. During the year loans had completely recovered.

The above balance relates to financing activities.

27 Events after the balance sheet date

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

Independent auditor's report on pages 4 to 5.

OPAP (CYPRUS) LIMITED

Additional information to the income statement

Cost of goods sold for the year ended 31 December 2012

	2012 €	2011 €
Cost of Sales		
Commissions payable	15.650.227	15.077.262
Depreciation of plant and equipment	31.940	33.320
Amortisation of intangibles	5.459	7.463
Theoretical winnings	115.767.950	109.579.882
Acquisition of Coupons	95.574	107.025
Thermal Paper	211.225	205.554
Compensation of agents for V.A.T.	2.620.469	2.187.810
Fees to OPAP S.A.	17.708.256	16.894.225
Winnings payable to the Cyprus Government	12.018.700	12.186.075
Third party services	379.399	365.196
Agents' bonuses	138.558	-
	<u>164.627.757</u>	<u>156.643.812</u>

OPAP (CYPRUS) LIMITED

Additional information to the income statement

Analysis of expenses for the year ended 31 December 2012

	2012 €	2011 €
Selling and marketing costs		
Subscriptions and donations	3.541.651	4.689.422
Advertising	1.876.824	2.029.013
Impairment charge for receivables	21.897	-
Provision for impairment of receivables	44.769	-
Travelling local expenses	10.752	24.487
Expenses for the uniformity of agencies' corporate image	319.455	124.647
Expenses for other events	3.390	2.745
	5.818.738	6.870.314

	2012 €	2011 €
Administrative expenses		
Directors' remuneration	311.080	312.552
Salaries and related costs	1.108.672	1.067.485
Depreciation of plant, office equipment and motor vehicles	63.269	38.257
Auditors' remuneration	17.400	25.145
Legal fees	14.000	13.800
General expenses for agencies' repairs	297.303	-
Operating lease rentals	166.255	127.700
Repairs and maintenance	142.575	130.060
Telephone, telexes and facsimiles	230.888	138.131
Printing and stationery	7.952	5.390
Postages and courier	7.960	7.282
Cleaning expenses	5.810	6.102
Water and sewerage expenses	1.505	1.031
Insurance	54.594	54.531
Electricity	29.549	33.365
Training of employees and agents	20.228	21.991
Travelling local expenses	374	646
Motor vehicle expenses	20.056	19.964
Taxes and licences	18.524	15.520
Sundry expenses	123.971	73.083
Supplies and maintenance costs of computer equipment	19.682	22.704
	2.661.647	2.114.739