

OPAP S.A. Interim Results For The Six-Month Period Ended June 30, 2005

- Revenues up 13.2% to €1,709.0m (H1 04: €1,510.1m)
- Adjusted EBITDA up 0.5% to €315.1m (H1 04: €313.4m)
- Adjusted Net Profit up 5.5% to €202.8m (H1 04: €192.3)

ATHENS, Greece – September 29, 2005 – OPAP S.A. (OPAr.AT), the leading gaming company in Greece, today announces its interim financial results for the six-month period ended June 30, 2005, prepared in accordance with International Financial Reporting Standards.

OVERVIEW

(€'m)	Q2 05	Q2 04	Δ%	H1 05	H1 04	Δ%
Operating Revenues	828.2	814.9	1.6	1,709.0	1,510.1	13.2
EBITDA	132.8	168.9	(21.4)	315.1	461.4	(31.7)
Adjusted EBITDA*	132.8	168.9	(21.4)	315.1	313.4	0.5
Adjusted EBITDA Margin*	16.0%	20.7%	(4.7pt)	18.4%	20.8%	(2.4pt)
Net Profit	81.9	104.8	(21.9)	202.8	288.5	(29.7)
Adjusted Net Profit*	81.9	104.8	(21.9)	202.8	192.3	5.5

* Excluding income from release of provisions of €148.0m in H1 04. Net profit also reflects tax implications of the abovementioned adjustments.

OPAP reports solid financial results for the six-month period ended June 30, 2005. Revenues for the period grew to €1,709.0m, up 13.2% on 2004. Revenues from OPAP's numerical games amounted to €1,061.3m (H1 04: €582.1m), up 82.3%, driven by our new game *KINO* (H1 05: €857.8m). *Stihima*, the company's largest sports betting game, was down 31.8% in the period to €602.7m (H1 04: €884.2m), continuing the negative performance of the first quarter of the year.

Adjusted EBITDA for the period amounted to €315.1m, up 0.5% on 2004, excluding income from the release of provisions of €148.0m in the first half of 2004. Adjusted EBITDA margin in the first half decreased to 18.4% from 20.8% in the same period last year, mainly due to the provision taken in the second quarter for the increase in the payout ratio of *Stihima* and higher distribution costs in the period. Adjusted Net Profit for the same period amounted to €202.8m, 5.5% up on 2004, after reflecting the tax implications of the above mentioned release of provisions.

Commenting on the first six month results Mr. Basile Neidas, OPAP's Managing Director, noted:

“We are pleased to report solid revenue growth for the first six months of this year, despite the significant decline in our sports betting revenues. We are encouraged by the turnaround of our *Stihima* game that we have witnessed thus far in the third quarter, resulting from our ongoing implementation of the measures to revitalise the game, which so far has been the increase in the payout ratio.”

1. FINANCIAL REVIEW

Operating revenues for the three-month and six-month periods ending June 30, 2005 and 2004

(€'m)	Q2 05	Q2 04	%Δ	H1 05	H1 04	%Δ
Stihima	302.2	467.7	(35.4%)	602.7	884.2	(31.8%)
Propo	18.8	16.6	13.3%	44.3	42.8	3.5%
Propo Goal	0.3	0.5	(40.0%)	0.7	1.0	(30.0%)
Total Sports Betting	321.3	484.8	(33.7%)	647.7	928.0	(30.2%)
KINO	412.2	212.1	94.3%	857.8	298.5	187.4%
Joker	49.3	50.7	(2.8%)	107.3	135.6	(20.9%)
Super 3	17.7	31.6	(44.0%)	36.5	70.7	(48.4%)
Lotto	12.8	15.8	(19.0%)	28.3	32.8	(13.7%)
Proto	9.8	10.9	(10.1%)	20.6	24.1	(14.5%)
Extra 5	5.1	9.0	(43.3%)	10.8	20.4	(47.1%)
Total Numerical Games	506.9	330.1	53.6%	1,061.3	582.1	82.3%
Total Revenues	828.2	814.9	1.6%	1,709.0	1,510.1	13.2%

Total Revenues increased by 13.2% from €1,510.1m in the first half of 2004 to €1,709.0m in the first half of 2005. Sports betting revenues declined by 30.2% in the period, continuing the negative performance of the first quarter of the year and recording a 33.7% decline in the second quarter. The weaker performance of *Stihima* in the second quarter was primarily due to (i) the continuous success of *KINO*, (ii) the increased competition from illegal betting and (iii) the lower payout ratio in the quarter. *Stihima* revenues decreased 30.3% in April, 22.7% in May and 52.6% in June. The particularly large decline in June is due to the strong performance of *Stihima* during the Euro 2004 tournament in June of last year. Since the beginning of July we have witnessed lower rates of decline of *Stihima* revenues and expect September to be the first month to show an increase in revenues compared to the same month last year. We believe that this improvement in the performance of *Stihima* is mainly due to an increase in the payout ratio, which was agreed as part of the package of measures to revitalise the game with Intralot on June 25th of this year.

Revenues from numerical games in the first half of the year were up 82.3% to €1,061.3m from €582.1m in the same period of 2004, driven by the success of *KINO*. Numerical games represented 62.1% of total revenues in the first half of 2005 compared to 38.5% in the same period of 2004.

Revenues from *KINO* amounted to €857.8m in the first half of 2005. Daily *KINO* revenues per agent have shown an approximately 6% decline in the second quarter compared to the first quarter from approximately €930 to just over €870. We believe this is the result of: (i) playing hours of 11:30 - 2:30pm and 5:00 - 9:00pm, which are less popular playing times during the summer, and (ii) a partial wearing off of the *KINO* novelty factor.

Revenues from *Joker* decreased by 20.9% from €135.6m in the first six months of 2004 to €107.3m in the same period of 2005 due to less favorable jackpot rollovers during the period. *Lotto* revenues amounted to €28.3m, a decline of 13.7% compared to the same period in 2004. *Super 3* and *Extra 5* revenues declined by 48.4% and 47.1% respectively, as expected and already mentioned in the past, mainly due to the success of *KINO*.

Cost of sales for the three-month and six-month periods ending June 30, 2005 and 2004

(€'000)	Q2 05	Q2 04	Δ%	H1 05	H1 04	Δ%
Prize payouts to lottery and betting winners	550,828	496,706	10.9%	1,105,498	902,688	22.5%
Lottery agents' commissions	66,277	67,886	(2.4%)	137,242	128,818	6.5%
Betting commissions	30,652	47,041	(34.8%)	62,954	90,915	(30.8%)
Depreciation	762	1,670	(54.4%)	2,052	3,441	(40.4%)
Amortization	4,616	4,625	(0.2%)	8,675	8,832	(1.8%)
Repairs and maintenance expenditures	2,024	2,034	(0.5%)	3,871	3,631	6.6%
Third parties' outsourcing	2,592	2,975	(12.9%)	5,233	6,326	(17.3%)
Greek Professional Football Teams' Association	1,515	1,319	14.9%	3,905	3,687	5.9%
Staff costs	3,166	3,099	2.2%	6,530	6,204	5.3%
Other expenses	4,766	6,392	(25.4%)	10,394	12,782	(18.7%)
Provisions for bad debtors	1,351	2,008	(32.7%)	2,271	2,908	(21.9%)
Retirement benefit costs	222	314	(29.3%)	537	513	4.7%
Total Cost of Sales	668,771	636,069	5.1%	1,349,162	1,170,745	15.2%

OPAP's most significant cost relates to the payouts to lottery and betting winners, which in the first half of 2005 increased by 22.5% to €1,105.5m. Overall, payouts as a percentage of operating revenues increased from 59.8% in the first half of 2004 to 64.7% in the same period of 2005. This increase is primarily the result of (i) the inclusion of a €33.0m provision in the second quarter due to the agreement with Intralot S.A. on June 25th to increase the target payout ratio with retroactive effect from January 30th of this year, and (ii) to a lesser extent *KINO*'s higher payout ratio and its higher percentage participation in total revenues in conjunction with the declining revenues of the other numerical games, which are lower payout games. Average agents' commissions on overall sales declined to 8.0% (H1 04: 8.5%) due to the higher proportion of revenues from *KINO*, which pays a lower commission to agents (7.0%).

Betting commissions paid to Intralot S.A. (the company responsible for the risk management of *Stihima*) decreased by 30.8% to €63.0m, reflecting the decreased *Stihima* revenues.

The decrease in depreciation charges in the first half of 2005 compared to that of 2004 is largely due to the fact that a proportion of the equipment, mainly terminals, are fully depreciated.

Repairs and maintenance expenditures increased by 6.6% in the first half of 2005 compared to 2004 mainly due to maintenance services the increased number of *KINO* decoders.

Third parties' outsourcing was 17.3% lower in the first half of 2005 due to the reduction of studies and research projects.

The increase in Greek Professional Football Teams' Association costs is mainly due to the inclusion of more Greek football league games in *Propo* tickets and higher *Propo* revenues.

Staff costs were higher in the first half of 2005 compared to 2004 due to increased personnel combined with salary increases.

Other expenses decreased by 18.7% from €12.8m in the first half of 2004 to €10.4m in the same period this year, largely due to lower expenses related to new building infrastructure works and lower payments to the Cypriot Republic from our subsidiary OPAP Cyprus due to lower margins of *KINO*.

Provisions for bad debts of agents decreased by 21.9% in the first half of 2005 from €2.9m to €2.3m. OPAP will seek to recoup outstanding amounts through legal action where necessary.

Gross Profit

Reflecting the above factors, our gross profit in the first half of 2005 increased by 6.0% to €359.8m from €339.3m in the same period of 2004.

Distribution Costs

Our distribution costs increased by 57.1% to €39.9m in the first half of 2005 (H1 04: €25.4m) due to increased sponsoring expenditure, although advertising expenditure was slightly reduced. Note that under our agreement for *Stihima*, Intralot S.A. carries out advertising related to *Stihima* and is required to commit at least 1.0% of *Stihima* sales, payable out of its commission, on advertising and promoting *Stihima*.

Administrative Expenses

Our administrative expenses increased to €17.7m in the first half of 2005 from €15.0m last year, mainly due to increased personnel combined with salary increases.

Income from Provisions

Income from provisions of €148.0m in the first half of 2004 reflect the release of provisions taken by us in prior periods in relation to our dispute with Intralot S.A. over the introduction of horse and greyhound race betting as additional *Stihima* betting events. This provision was released since OPAP's request for annulment of the arbitration decision in relation to the dispute was accepted.

Profit from Operations

Reflecting the above factors, our profit from operations decreased by 32.1% from €446.9m in the first half of 2004 to €303.3m in the first half of 2005. However, profit from operations after adjusting for the release of the Intralot arbitration provisions registered in the first half of 2004 increased by 1.4%, from €299.0m in the first half of 2004 to €303.3m in the same period this year.

Tax Expense and Deferred taxes

Our tax expense decreased to €106.4m in the first half of 2005 from €161.7m in the first half of 2004 mainly due to the release of the Intralot arbitration provisions and the decrease of the corporate income tax rate from 35% to 32%. Tax expense for 2005 includes an amount of €6.4m that resulted from the tax audit for the years 2003 and 2004.

Net Profit for the Period

Our net profit for the period decreased by 29.7% from €288.5m in the first half of 2004 to €202.8m in the first half of 2005. However after adjusting for the release of the Intralot arbitration provisions, our net profit for the period increased by 5.5% from €192.3m in the first half of 2004 to €202.8m in the first half of this year.

Cash Flows for the three-month and six-month periods ending June 30, 2005 and 2004

(€'000)	Q2 05	Q2 04	%Δ	H1 05	H1 04	%Δ
Cash Flow from Operating Activities	186,528	84,060	122.0	373,733	269,689	38.6
Cash Flow from Investing Activities	2,647	(95)	NM	(1,975)	(9,737)	79.7
Cash Flow from Financing Activities	(306,270)	(154,841)	(97.8)	(307,052)	(158,846)	(93.3)

Cash Flows from Operating Activities

Our primary source of liquidity is cash generated from our operations, which increased by 38.6% to €373.7m in the first half of 2005 from €269.7m in the same period of 2004. Apart from improved operating cash flows, this increase is a result of (i) payments received from Intralot S.A. in connection with the higher than 60% overall payout level for the twelve-month contract period ended January 31, 2005, (i) provisions taken in respect of the expected increase of Stihima payout to winners following our agreement with Intralot last June, and (i) a lower payout ratio in the first half of this year compared with the same period last year. This increase was partly offset by increased tax payments due to higher profits in 2004 as compared to 2005.

Cash Flows used in Investing Activities

Cash flow from investing activities was €(2.0)m in the first half of 2005 compared to €(9.7)m in the first half of 2004. The increased cash flow from investing activities is primarily due to lower capital expenditures and, to a smaller degree, higher interest income. Capital expenditures in 2005 related primarily to telecommunications equipment for the operation of *KINO*.

Cash Flows used in Financing Activities

The cash flow from financing activities was €(307.1)m in the first half of 2005 compared to €(158.8)m in the first half of 2004. This decrease primarily reflects the payment of the annual dividend of €295.7m in June, which in 2004 was €139.3m.

MAIN DEVELOPMENTS

Intralot Agreement

On June 25th 2005, the company reached an agreement on a partial revision of the contract with Intralot S.A. as regards the operation of *Stihima*. The revision has retroactive validity from January 30th 2005. The main changes of the contract include (i) an increase in the target payout to the winners guaranteed by Intralot S.A. from 60.0% to 64.9% for the period January 30th 2005 to January 29th 2007, and (ii) the gradual introduction of Greek teams in *Stihima*, live betting, under/over betting and non-sports events betting.

This agreement is subject to inter-ministerial approval of the relevant regulations, which were submitted by the company to the competent ministries on August 5th of this year. We expect approval of these regulations to be granted in the near future.

About OPAP

OPAP is the leading gaming company in Greece and holds the sole concession to operate and manage eleven numerical lottery and sports betting games. OPAP holds the sole concession to operate and manage any new sports betting games in Greece as well as the right of first refusal to operate and manage any new lottery games permitted by the Hellenic Republic. OPAP is listed on the Athens Stock Exchange and has a free float of c. 66% with the remainder held by the Hellenic Republic. Contact: Mr. Konstantinos Tsaoussis, Tel: +30 210 57 98 206, email: tsaoussis@opap.gr

APPENDIX

- I. OPAP S.A., Income Statements for the six-month periods ended June 30, 2005 and 2004
- II. OPAP S.A., Balance Sheets as at June 30, 2005 and December 31, 2004
- III. OPAP S.A., Cash Flow Statements for the six-month periods ended June 30, 2005 and 2004

APPENDIX I

OPAP S.A.

Income Statements For the Six-month Periods Ended June 30, 2005 and 2004 (Thousands of Euros, except for per share amounts)

	2005	2004
	1/1-30/06	1/1-30/06
Revenues	1.708.984	1.510.083
Cost of sales	(1.349.162)	(1.170.745)
Gross profit	359.822	339.338
Other operating income	2.197	1.867
Distribution costs	(39.858)	(25.362)
Administrative expenses	(17.651)	(14.960)
Other operating expenses	(1.197)	(840)
Income from provisions	-	148.012
Income from associates	-	118
Amortization of Goodwill	-	(1.211)
Profit from operations	303.313	446.962
Net financing results	5.894	3.188
Profit before tax	309.207	450.150
Tax expense	(106.422)	(161.695)
Profit after tax	202.785	288.455
Attributable to:		
Equity Holders	202.790	288.487
Minority Interest	(5)	(32)
Basic earnings per share	0,64	0,90

APPENDIX II

OPAP S.A.
Balance Sheets
As at June 30, 2005 and December 31, 2004
(Thousands of Euros)

	2005	2004
ASSETS		
Current assets		
Cash and cash equivalents	488.273	423.567
Inventories	405	482
Trade receivables	36.921	36.381
Other receivables	161.601	227.967
Total current assets	<u>687.200</u>	<u>688.397</u>
Non - current assets		
Intangible assets	236.249	244.704
Property, plant and equipment	38.171	40.350
Goodwill	21.196	21.196
Investments in associates	338	338
Other non current assets	11.126	11.526
Deferred tax assets	6.203	6.538
Total non-current assets	<u>313.283</u>	<u>324.652</u>
TOTAL ASSETS	<u>1.000.483</u>	<u>1.013.049</u>
EQUITY & LIABILITIES		
Current liabilities		
Borrowings	17.759	21.574
Trade and other payables	113.319	117.179
Tax liabilities	399.176	340.771
Accrued Liabilities	42.178	4.858
Total current liabilities	<u>572.432</u>	<u>484.382</u>
Non - current liabilities		
Borrowings	17.786	25.345
Employee benefit plans	23.341	23.369
Provisions	730	-
Other liabilities	5.255	5.277
Total non current liabilities	<u>47.112</u>	<u>53.991</u>
Capital and Reserves		
Issued capital	95.700	95.700
Reserves	43.700	43.700
Dividends proposed	-	296.670
Exchange differences	189	41
Retained earnings	241.194	38.404
Equity attributable to equity Holders	<u>380.783</u>	<u>474.515</u>
Minority interest	156	161
Total equity	<u>380.939</u>	<u>474.676</u>
TOTAL EQUITY & LIABILITIES	<u>1.000.483</u>	<u>1.013.049</u>

APPENDIX III

OPAP S.A.

Cash Flow Statements For the Six-month Periods Ended June 30, 2005 and 2004 (Thousands of Euros)

	2005	2004
OPERATING ACTIVITIES		
Profit Before tax	309.207	450.150
Adjustments for:		
Depreciation & Amortization	11.773	14.437
Net financing income	(6.709)	(4.652)
Employee Benefit Plans	791	621
Provisions for bad debts	2.271	2.908
Released provisions for contingent liabilities	-	(148.012)
Other non cash items	160	(1.025)
	317.493	314.427
Increase (Decrease) in inventories	77	(63)
Increase (Decrease) in trade & other receivable	61.853	(26.865)
Increase (Decrease) in payables	41.854	2.302
Increase (Decrease) in taxes payables	(6.711)	107
	414.566	289.908
Income taxes Paid	(40.833)	(20.219)
Cash flow from operating activities	373.733	269.689
INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	-	118
Guarranties	(4)	-
Loans raised to personel	115	(587)
Purchase of plant and equipment	(8.439)	(13.021)
Purchase of intangible assets	(356)	(901)
Interest received	6.709	4.654
Cash Flows from investing activities	(1.975)	(9.737)
FINANCING ACTIVITIES		
Repayment of borrowings	(11.374)	(19.518)
Dividends returns (paid)	(295.678)	(139.328)
Cash Flow from Financing Activities	(307.052)	(158.846)
Net increase (decrease) in cash and cash equivalents	64.706	101.106
Cash and cash equivalents at beginning of year	423.567	294.806
Cash and Cash equivalents at end of year	488.273	395.912