



FINANCIAL STATEMENTS OF OPAP S.A. GROUP OF COMPANIES

AS AT DECEMBER 31st, 2006 AND 2005

(ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS)

The attached financial statements were approved by the Board of Directors at March 21st, 2007 and they are posted on the internet at the company's site «www.opap.gr». The attention of the reader is drawn to the fact that the extracts published in the press aim at providing the public with certain elements of financial information, but they do not present a comprehensive view of the financial position and results of operations of the Company and Group, in accordance with the International Financial Reporting Standards.

Board of Directors Report.....	5
Independent Auditor’s Report.....	11
1. Balance Sheet.....	13
2. Income statement.....	14
3. Cash flow Statement.....	15
4. Statement of changes in equity.....	16
4.1 Consolidated Statements of Changes in Equity.....	16
4.2 Statements of Changes in Equity of OPAP S.A.....	17
5. General Information about the Company and the Group.....	18
5.1. General Information.....	18
5.2. Nature of operations.....	18
6. Basis of preparation.....	19
6.1 Changes in accounting policies.....	19
6.1.1 Amendments to published standards effective in 2006.....	19
6.1.2 Standards, amendments and interpretations effective in 2006 but not relevant to the Company’s and the Group’s operations.....	20
6.1.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted.....	20
6.1.4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted.....	21
6.2 Important accounting decisions, estimations and assumptions.....	22
6.2.1 Judgements.....	22
6.2.2 Estimates and assumptions.....	22
7. Summary of Accounting policies.....	24
7.1 Basis of consolidation and investments in associates.....	24
7.2 Foreign currency translation.....	26
7.3 Income and expense recognition.....	27
7.4 Property, plant and equipment.....	28
7.5 Intangible assets.....	29
7.6 Goodwill.....	29
7.7 Impairment of Assets.....	29
7.8 Other Non-current Assets.....	30
7.9 Financial assets.....	31
7.10 Inventories.....	34
7.11 Cash and Cash Equivalents.....	34
7.12 Equity.....	34
7.13 Income tax & deferred tax.....	35
7.14 Other provisions, contingent liabilities and contingent assets.....	36
7.15 Financial liabilities.....	37



7.16 Retirement benefits Costs	38
7.17 Investment Property.....	38
8. Structure of the Group	38
9. Dividend distribution	39
10. Segment reporting.....	39
10.1 Business Segments of OPAP Group of Companies, for the years ended at December 31st, 2006 and 2005 respectively	40
10.2 Business Segments of OPAP SA, for the years ended at December 31st, 2006 and 2005 respectively	42
10.3 Geographical segments	44
11. Notes on the Financial Statements.....	44
11.1 Cash and cash equivalents.....	44
11.2 Inventories	45
11.3 Trade receivables	45
11.4 Other Assets	46
11.5 Intangible assets.....	47
11.6 Property, Plant and Equipment.....	48
11.7 Goodwill	49
11.8 Investments in subsidiaries of OPAP S.A.	50
11.9 Investments in associates	50
11.10 Other Non-current Assets.....	51
11.11 Deferred tax assets	52
11.12 Borrowings.....	53
11.13 Trade and other payables	53
11.14 Tax liabilities	53
11.15 Accrued liabilities.....	54
11.16 Employee benefit plans.....	54
11.17 Provisions	55
11.18 Other long – term liabilities	56
11.19 Share Capital	56
11.20 Reserves.....	57
11.21 Proposed dividends	57
11.22 Exchange differences.....	58
11.23 Cost of Sales	58
11.24 Other operating income	59
11.25 Administrative & Distribution expenses	59



11.26 Other operating expenses	60
11.27 Impairment of assets.....	60
11.28 Financial Results, net.....	62
11.29 Income and deferred tax	63
11.30 Earnings per Share	63
11.31 Personnel Costs.....	64
11.32 Related party disclosures	64
11.33 Other disclosures.....	68
11.34 Financial risk factors	71
11.35 Subsequent events	73

Board of Directors Report

General Overview

The year 2006 was a very important period for the group of O.P.A.P. S.A., since the dynamic growth of the company continued, indicated by the significant increase in the basic economic sizes, the event that ascertains the leading role and salience of the company in the particularly competitive and socially sensitive market of numerical lottery and sport betting games. It is important to mention, that on November 15th, 2006, the European Parliament voted with a clear majority to exclude all gambling activities related to monetary betting in lotteries, lottery markets, casino and other relative transactions from the scope of the Services Directive.

The positive course and our strategic planning were depicted with clarity in our report and our financial results for 2006. Basic economic sizes according to our financial statements (the Group and the Parent Company) for the year ended 2006 are as follows:

1. The turnover of 2006 came up to € 4,633,428,778.34 against € 3,695,234,505.83 in 2005, presenting an increase of 25.39%.
2. Gross profit came up to € 858,545,619.31 against € 806,263,322.16 in 2005, presenting an increase of 6.48%.
3. The operating profit of the Group (before depreciation and amortization, financial, provisions and taxes) came up to € 738,211,249.40 against € 714,532,737.26 in 2005, presenting an increase of 3.31%.
4. Profit before tax presented an increase of 4.63% and were formed at € 725,517,290.30 against € 693,417,844.42 in 2005.
5. Net profit presented an increase of 11.23% amounting to € 509,806,697.57 against € 458,319,917.28 in 2005.

Major developments

1. Concerning "PAME STIHIMA" game:

- On 29/1/2007 there was completed a two year period (30/1/2005 -29/1/2007) concerning the conduct of the Game (in Greece) based on 25/6/2005 partial revision of the contract with the operator of «Stihima».

The main changes of the contract relate to:

A) The increase in the return percentage to the winners that the Contractor company guarantees, more than 60% and up to 6%, due to the gradual introduction of games between Greek teams, introduction of live betting forms of bets, under/over and introduction of non-athletic events. The percentage of profit of the winners for the period from 30/01/2005 to 31/12/2006 amounted to 67.04% of the income from the game and the percentage of profit of the winners as cost that burdens the result of the same period was formed at 65.29% (contractual) of the sales. In the year 2006, the percentage of profit of the winners amounted to 69.39% of the sales while the cost was formed at 66.76%. Every amount over 66% does not burden the results of OPAP S.A.

and



B) The date of the clearance that will come by the completion of the contract concerning the period between January 30th, 2005 and January 29th, 2007.

- Following the expiry of the two year contract with the operator of «Stihima» on January 29th, 2007 as well as the organization and establishment of the newly formed General Department of Betting, OPAP S.A. undertook the management, conduct, organization and operation of the "PAME STIHIMA" game, in house.
- Finally, the Management of OPAP S.A. has come to agreement with the societe anonyme INTRALOT S.A. concerning the following matters during the six month period:
 - Transfer of technical expertise along with the procedures (consulting services at all the organization and administration stages of the game, personal records of the players' conduct, e.t.c.) that ensure the provision of all specialized knowledge and experience of Greek market betting games acquired in the duration of seven years of the game's existence.
 - Provision and installation (at OPAP S.A. headquarters) of the total complex of technological structure as well as the professional staff training on its functioning. The aforementioned structure (which will remain OPAP S.A. property) comprises the necessary total complex of equipment (systems, data base, teletext e.t.c.) and the operation license of all the software (central system, terminals, risk management, e.t.c.) that is required for the purposes of organization, functioning and management of the game and which will be similar to the one currently in use.
 - Provision starting from 29.1.2007, of 1,500 terminal devices of the agencies in excess of already available 2,000, that totally equal 3,500, which will support all the games of OPAP S.A.
 - Provision of maintenance services – technical support of technological infrastructure.

The total cost of the contract amounts to 65 million euro plus VAT.

2. Concerning "PROPO" game:

The company redesigned its longest existing game – PROPO. In particular, starting from 7/3/2006: (i) it increased the number of football games to 14, abolishing at the same time the categories SUPER 13 and 11 and establishing 3 new categories of the winners (14, 13, 12), (ii) it introduced as an additional department a new option concerning the players that allows them to bet in the first seven matches with the same PROPO pool bulletin, (iii) it increase the price per participation by 50% and (iv) it established the Jackpot in all the winners categories.

3. Concerning "KINO" game:

The new measures taken by the Management for the maintenance of the leading position of KINO in the market of numerical lottery refer to: a) the extension of the game conduct hours from 22/9/2006, b) the



increase (by 0.5%) of the agent's commission that is formed at 7.5% from 6/10/2006 to 31/12/2006 and the additional increase (also by 0.5%) of the commission in question to 8% from 1/1/2007.

Factors of Value Creation and Performance Measurement

The Group monitors the performances through the analysis of nine of its basic business segments, which, based on I.A.S. 14, are the nine games it conducts, organizes and operates.

The business segments:

(1) The business segment with the highest percentage participation in the sales is STIHIMA, which constituted - for 2006 – 49.27% of O.P.A.P. S.A. turnover while it contributed to the 32.92% of the total gross profit of the Group.

(2) Second in sales is the business segment of KINO game that participates in 2006 by 39.94% in the total sales and by 46.28% in the gross profit of the Group.

(3) JOKER still constitutes an important activity segment for the Group. This segment in 2006 constituted 5.37% of the turnover, as well as 10.46% over the total gross profit, while its participation in the results of 2007 is expected equally important.

(4) The operation segment of SUPER 3 constituted 1.42% of the turnover of the Group in 2006 and participated by 2.15% in the gross profit of the Group.

(5) The fifth operation segment is the one of PROPO game that constituted 1.40% of the turnover of the Group in 2006 and participated by 2.74% in the gross profit of the Group.

(6) The sales of the business segment of LOTTO follow, which for 2006 participates by 1.17% in the total sales and by 2.90% in the gross profit of the Group.

(7) The PROTO game constitutes one more significant operating segment of the Group. This segment in 2006 constituted 1.05% of the turnover, as well as 1.87% of the total gross profit.

(8) The following operating segment is the one of the EXTRA 5 game, the turnover of which constituted 0.35% in 2006 and participated by 0.63% in the gross profit of the Group.

(9) The segment with the smallest portion of the sales is PROPOGOAL, which constituted for 2006 0.03% of the turnover of the Group while it also contributed to 0.05% of the total gross profit.

It the Group's policy to evaluate its results and performance on a monthly basis, tracing- in time and effectively-deviations from the objectives and taking the relative corrective measures. The Group measures its efficiency by using financial performance ratios, which are internationally used:



- ROCE (Return on Capital Employed) – “Return on capital employed”: The index divides the profit before tax and operating results with the Group’s capital employed, which are the sum of the Equity plus the total loans and long-term provisions.

- ROE (Return on Equity) – “Return on equity”: The index divides profit after tax with the Group’s Equity.

- EVA (Economic Value Added) – “Economic Value Added”: This size is calculated by multiplying the capital employed by the difference (ROCE – Cost of Capital) and constitutes the amount by which the economic value of the company increases. In order for the Group to calculate the cost of capital, it uses the formula of WACC – “Weighted Average Cost of Capital”.

The indices above, for 2006, and in comparison to 2005, changed as follows:

	31.12.2006	31.12.2005
ROCE	1.33	1.32
ROE	0.98	0.95
EVA	671 million €	647 million €

Corporate Governance, outlook and OPAP S.A. dividend policy

Corporate Governance

OPAP S.A. has adopted the Principles of Corporate Governance as they are defined in compliance with the existing Greek legislation as well as international practice. The Corporate Governance as a total of rules and regulations, principals and control mechanisms on which basis a company is organized and administered, is aimed at providing clarity to the investing public as well as protecting its shares interests and all the aspects relevant to its operation.

The Board of Directors of the company is the treasurer of the Principles of Corporate Governance of the company. Presently, it comprises 3 executive and 8 non-executive members. Three of the non-executive members comply with the stipulations that, in accordance with the requirements of the Law 3016/2002 for the Corporate Governance, are called “independent” (based on the 42/21-11-2005 decision of BoD concerning the formation of the BoD members)

The Audit Committee comprises 1 to 3 non-executive members of the Board of Directors and is aimed at objective conduct of internal and external audit as well as effective communication between the audit services and the Board of Directors. Its authorities include the safeguarding of the compliance with the regulations of Corporate Governance, as well as safeguarding of the sound implementation of Internal Audit System operation and supervision of the company’s Internal Audit Department work.



The Audit Committee of OPAP S.A. bears the title of “Supervisory and Audit Committee” and comprises two non-executive and independent members of BoD – the Chairman of BoD Mr. Christos Karkasis and a member Mr. C. Rigopoulos.

The internal audit constitutes a basic and necessary stipulation of Corporate Governance. The Internal Audit Department of OPAP S.A. constitutes an independent organisational unit that is accountable to the Board of Directors of the company. Its authorities comprise the evaluation and improvement of risk management and internal control systems as well as the confirmation of compliance with the institutional policies and procedures as described in the Internal Operation Regulations of the company, the existing legislation (mainly, stock exchange) and the decisions of the Board of Directors.

OPAP S.A. formed the Internal Audit Department following the approval of the Internal Operation Regulations on 17/12/2002, directly applying the requirements of the Law 3016/2002 for the Corporate Governance. The head of the Internal Audit Department as starting from 05/08/2003 has been a member of staff, who is fully and exclusively employed by the company.

Outlook for the following year

The positive results and outlooks for further development, expansion and conduct of our operations will be the characteristic points of the following year, when significant developments are expected to take place in all our operating segments.

Our strategy concerning the continuation of development course of the company has the following basic objectives:

1. upgrading of the company’s technological structure following the procedure that is currently in progress, of the relevant tender “Supply, Installation and Maintenance of IT equipment Centers and Terminals as well as Supporting Equipment and Services”,
2. investment in new games development and in existing games reorganisation, so that they should become more attractive and appeal to even wider range of public,
3. design and introduction of numbering lottery BINGO,
4. upgrading of the agencies network by means of creating homogeneous corporate image and the provision of new services to the players through the subsidiary company OPAP Services S.A. and
5. continuation of investment opportunities expansion in the domain of games overseas.

Taking into consideration the aforementioned:

A) In the year 2006, without the realization of the part of foreseen investment program, the equipment of property, plant and equipment was formed at € 18.36 million and refers to a) mainly, upgrading of mechanical equipment and provision and installment of software and b) accommodation expenses, furniture purchases, PC and other equipment.



B) In the year 2007, it is expected that the foreseen capital expenses and the investment plan will come to € 139 million, as follows:

1. Information Management System (€ 5 million)
2. Communication Network Upgrading (€ 6 million)
3. New IT System (€ 30 million)
4. Games (€ 5 million)
5. Agencies upgrading (€ 16 million), the amount that has already been disposed to the subsidiary company OPAP SERVICES S.A. for the aforementioned purpose.
6. Software and technical expertise for the independent management of PAME STIHIMA by the company (€ 77 million)

The aforementioned expenses are mainly related to the company investment in software, hardware and other equipment, including the expenses related to upgrading of on-line system of OPAP S.A. through the provision of a new central IT system and terminals for the players. To a smaller extent, these expenses relate to the costs connected with the design and development of new games, including BINGO LOTTO, and costs related to upgrading of agencies network, that has been scheduled to begin in the summer of 2007.

Dividend policy – Distribution of net profit

Concerning dividend distribution, the company management, taking into account among others, the company's effectiveness, the prognoses and the investment plans, suggests, based on the net profit of OPAP S.A., the distribution of dividends equal to that of 1.58 € / share against 1.42 € / share in 2005.

The net profit of OPAP S.A. (after the deduction of income tax), amounting to € 501,093,132.09, increased by the amount of €2,926,867.91 arising from the undistributed profit of prior periods, is set for disposal to 2006 distribution as follows:

NET PROFIT	501,093,132.09€
UNDISTRIBUTED PROFIT	2,926,867.91€
TOTAL	504,020,000.00€
DIVIDEND PER SHARE	1.58€

It has to be noticed that the BoD of the company, following the decisions num. 44/24-10-2006 and 48/29-11-2006 of its meetings, approved of the interim dividend distribution for the year 2006, amounting to 0.55 € per share, to the shareholders at the closing session of Athens Stock Exchange as at 8/12/2006 (the total amount disposed as interim dividend – 175,450,000.00 €. Thus, the remaining amount of dividend available for distribution to the shareholders of the company is formed at 1.03 € per share (the total amount of 328,570,000.00 €).

Athens, 21.03.2007

THE BOARD OF DIRECTORS



Independent Auditor's Report

To the Shareholders of OPAP S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of OPAP S.A. ("the Company") as well as the consolidated financial statements of the Company ("the Group"), which comprise (for both the Company and the Group), the balance sheet as at December 31st, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 abovementioned financial statements present fairly, in all material respects, the financial position of the Company and that of the Group as of December 31st, 2006, and the financial performance and the cash flows of the Company and those of the Group for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors Report is consistent with the abovementioned financial statements.

Athens, 21.03.2007

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1. Balance Sheet

For the years ended December 31st, 2006 and 2005

(Amounts in thousand of euro)

	Notes	GROUP		COMPANY	
		31.12.2006	31.12.2005	31.12.2006	31.12.2005
ASSETS					
Current assets					
Cash and cash equivalents	11.1	384,126	437,001	324,044	375,610
Inventories	11.2	608	404	608	404
Trade receivables	11.3	102,050	61,979	100,128	62,354
Other assets	11.4	<u>184,666</u>	<u>172,124</u>	<u>184,388</u>	<u>171,762</u>
Total current assets		671,450	671,508	609,168	610,130
Non-current assets					
Intangible assets	11.5	222,361	227,655	222,309	227,594
Property, plant and equipment	11.6	34,072	36,038	33,104	34,663
Goodwill	11.7	13,646	13,646	-	-
Investments in subsidiaries	11.8	-	-	41,577	41,577
Investments in associates	11.9	-	-	1,200	1,200
Other non-current assets	11.10	16,480	11,484	16,471	11,475
Deferred tax assets	11.11	<u>1,919</u>	<u>5,355</u>	<u>10,952</u>	<u>11,490</u>
Total non-current assets		288,478	294,178	325,613	327,999
TOTAL ASSETS		959,928	965,686	934,781	938,129
EQUITY & LIABILITIES					
Short-term liabilities					
Borrowings	11.12	-	15,118	-	15,118
Trade and other payables	11.13	160,929	143,155	167,628	137,761
Tax liabilities	11.14	242,555	281,215	240,844	279,838
Accrued liabilities	11.15	<u>12,879</u>	<u>3,077</u>	<u>10,651</u>	<u>1,582</u>
Total short-term liabilities		416,363	442,565	419,123	434,299
Long-term liabilities					
Borrowings	11.12	-	10,227	-	10,227
Employee benefit plans	11.16	19,604	23,491	19,604	23,491
Provisions	11.17	301	301	301	301
Other long-term liabilities	11.18	<u>5,941</u>	<u>5,779</u>	<u>5,820</u>	<u>5,661</u>
Total long-term liabilities		25,846	39,798	25,725	39,680
Equity					
Share capital	11.19	95,700	95,700	95,700	95,700
Reserves	11.20	43,700	43,700	43,060	43,060
Proposed dividends	11.21	328,570	299,860	328,570	299,860
Exchange differences	11.22	84	179	-	-
Retained earnings		<u>49,531</u>	<u>43,744</u>	<u>22,603</u>	<u>25,530</u>
		517,585	483,183	489,933	464,150
Minority interest		<u>134</u>	<u>140</u>	-	-
Total Equity		517,719	483,323	489,933	464,150
TOTAL EQUITY & LIABILITIES		959,928	965,686	934,781	938,129

The attached notes form an integral part of these financial statements

2. Income statement

For the one year period ended December 31st, 2006 and 2005

(Amounts in thousand of euro except for per share amounts)

	Notes	GROUP		COMPANY	
		1.1-31.12.2006	1.1-31.12.2005	1.1-31.12.2006	1.1-31.12.2005
Revenues	10.1, 10.2	4,633,429	3,695,234	4,524,105	3,592,943
Cost of sales	11.23	(3,774,883)	(2,888,971)	(3,683,467)	(2,804,017)
Gross profit		858,546	806,263	840,638	788,926
Other operating income	11.24	2,545	4,795	11,485	13,887
Distribution costs	11.25	(95,905)	(80,867)	(108,847)	(93,392)
Administrative expenses	11.25	(41,689)	(37,352)	(36,534)	(31,915)
Other operating expenses	11.26	(10,909)	(2,287)	(10,905)	(2,287)
Income /loss from associates		-	(338)	-	-
Impairment of assets	11.27	-	(7,550)	-	(10,100)
Profit from operations		712,588	682,664	695,837	665,119
Financial results, net	11.28	12,929	10,754	12,115	9,650
Dividends		-	-	5,581	-
Profit before tax		725,517	693,418	713,533	674,769
Income Tax	11.29	(212,280)	(233,936)	(211,902)	(235,998)
Deferred tax	11.29	(3,436)	(1,183)	(538)	4,952
Profit after tax		509,801	458,299	501,093	443,723
Minority interest		6	21	-	-
Net profit for the period		509,807	458,320	501,093	443,723
Basic earnings per share in euro	11.30	1.60	1.44	1.57	1.39

Chairman of the Board Chief Executive Officer Chief Financial Officer Chief Accounting Officer

Kostakos Sotirios

Neiadas Basile

Saraintaris John

Tsilivis Konstantinos

The attached notes form an integral part of these financial statements

3. Cash flow Statement

For the years ended December 31st, 2006 and 2005

(Amounts in thousand of euro)

	GROUP		COMPANY	
	2006	2005	2006	2005
OPERATING ACTIVITIES				
Profit Before tax	725,517	693,418	713,533	674,769
Adjustments for:				
Depreciation & Amortization	25,623	23,678	25,070	22,857
Financial results (net)	(12,929)	(10,754)	(12,115)	(9,650)
Employee benefit plans	(3,888)	122	(3,888)	122
Provisions for bad debts	5,000	2,500	5,000	2,500
Other provisions	-	301	-	301
Dividends from subsidiaries	-	-	(5,581)	-
Exchange differences	(226)	465	-	-
Impairment losses	-	7,550	-	10,100
(Income) /loss from associates	-	338	-	-
Results from investing activities	24	1	30	5
Cash flows from operating activities before changes in working capital	739,121	717,619	722,049	701,004
Changes in Working capital				
Increase (Decrease) in inventories	(204)	78	(204)	78
Increase (Decrease) in trade & other receivable	(71,333)	37,756	(69,022)	32,509
Increase (Decrease) in payables (except borrowings)	24,295	26,459	35,484	26,659
Increase (Decrease) in taxes payables	6,105	(3,250)	5,666	(2,725)
	697,984	778,662	693,973	757,525
Interest expenses	(924)	(1,474)	(896)	(1,390)
Taxes Paid	(244,203)	(295,543)	(243,788)	(295,084)
Cash flows from operating activities	452,857	481,645	449,289	461,051
INVESTING ACTIVITIES				
Proceeds from the sale of tangible and intangible assets	31	6	21	-
Guarantees	(196)	(36)	(196)	(33)
Loans paid to personnel	(4,013)	(290)	(4,013)	(290)
Purchase of tangible assets	(3,899)	(9,148)	(3,784)	(8,797)
Purchase of intangible assets	(14,465)	(621)	(14,432)	(564)
Dividends from subsidiaries	-	-	5,581	-
Interest received	13,853	12,228	13,011	11,040
Cash flows used in investing activities	(8,689)	2,139	(3,812)	1,356
FINANCING ACTIVITIES				
Repayment of borrowings	(25,345)	(21,574)	(25,345)	(21,574)
Dividends paid	(471,698)	(448,776)	(471,698)	(448,776)
Cash flows used in financing activities	(497,043)	(470,350)	(497,043)	(470,350)
Net increase (decrease) in cash and cash equivalents	(52,875)	13,434	(51,566)	(7,943)
Cash and cash equivalents at the beginning of the year	437,001	423,567	375,610	383,553
Cash and cash equivalents at the end of year	384,126	437,001	324,044	375,610

The attached notes form an integral part of these financial statements.

4. Statement of changes in equity

4.1 Consolidated Statements of Changes in Equity

For the years ended at December 31st, 2006 and 2005

(Amounts in thousand of euro)

	Share capital	Exchange differences	Dividends	Other reserves	Retained earnings	Minority Interest	Total
Balance as at January 1st, 2005	95,700	41	296,670	43,700	38,404	161	474,676
Net profit for the period	-	-	-	-	458,320	(21)	458,299
Exchange Differences	-	138	-	-	-	-	138
Dividends paid	-	-	(449,790)	-	-	-	(449,790)
Dividends proposed	-	-	452,980	-	(452,980)	-	0
Balance as at December 31st, 2005	95,700	179	299,860	43,700	43,744	140	483,323
Balance as at January 1st, 2006	95,700	179	299,860	43,700	43,744	140	483,323
Net profit for the period	-	-	-	-	509,807	(6)	509,801
Exchange Differences	-	(95)	-	-	-	-	(95)
Dividends paid	-	-	(475,310)	-	-	-	(475,310)
Dividends proposed	-	-	504,020	-	(504,020)	-	0
Balance as at December 31st, 2006	95,700	84	328,570	43,700	49,531	134	517,719

The attached notes form an integral part of these financial statements.

4.2 Statements of Changes in Equity of OPAP S.A.

For the years ended at December 31st, 2006 and 2005

(Amounts in thousand of euro)

	Share capital	Other reserves	Dividends	Retained earnings	Total
Balance as at January 1st, 2005	95,700	43,060	296,670	34,787	470,217
Net profit for the period	-	-	-	443,723	443,723
Dividends paid	-	-	(449,790)	-	(449,790)
Dividends proposed	-	-	452,980	(452,980)	0
Balance as at December 31st, 2005	95,700	43,060	299,860	25,530	464,150
Balance as at January 1st, 2006	95,700	43,060	299,860	25,530	464,150
Net profit for the period	-	-	-	501,093	501,093
Dividends paid	-	-	(475,310)	-	(475,310)
Dividends proposed	-	-	504,020	(504,020)	0
Balance as at December 31st, 2006	95,700	43,060	328,570	22,603	489,933

The attached notes form an integral part of these financial statements



5. General Information about the Company and the Group

5.1. General Information

The consolidated financial statements of the Group and the financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB).

OPAP S.A., is the Group's ultimate parent company. OPAP S.A. was established as a private legal entity in 1958. OPAP S.A. was reorganized as a société anonyme in 1999 domiciled in Greece and its accounting as such began in 2000. The address of the company's registered office, which is also its principal place of business, is 62 Kifisou Avenue, 121 32 Peristeri, Greece. OPAP's shares are listed on the Athens Exchange.

The financial statements for the year ended December 31st, 2006 (including the comparatives for the year ended December 31st, 2005) were approved by the board of directors on 21st of March 2007. Under the Greek regulations, amendments to the financial statements are not permitted after they have been approved.

5.2. Nature of operations

The company purchased at 13/10/2000 from the Hellenic Republic the 20-year exclusive right to operate certain numerical lottery and sports betting games for the amount of € 322,817,000. According to this, the company has the sole concession to operate and manage nine existing numerical lottery and sports betting games as well as two new numerical lottery games, which it has yet to introduce. The company also holds the sole concession to operate and manage any new sports betting games in Greece as well as a right of first refusal to operate and manage any new lottery games permitted by the Hellenic Republic.

The company currently operates six numerical lottery games (Joker, Lotto, Proto, Extra 5, Super 3 and Kino) and three sports betting games (Stihima, Propo and Propo-goal). It has also designed two new lottery games (Bingo, and Super 4). It distributes its games through an extensive on-line network of approximately 5,338 dedicated agents.

6. Basis of preparation

The financial statements of OPAP S.A. as at December 31st, 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets charged directly in equity, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 6.2.

In 2003 and 2004, the IASB issued a series of new IFRS and revised International Accounting Standards (IAS), which in conjunction with unrevised IAS's issued by the International Accounting Standards Committee, predecessor to the IASB, is referred to as "the IFRS Stable Platform 2005". The Group applies the IFRS Stable Platform 2005 from January 1st, 2005.

6.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

6.1.1 Amendments to published standards effective in 2006

IAS 19 (Amendment), Employee Benefits

This amendment is mandatory for the Group's accounting periods beginning on or after January 1st, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

6.1.2 Standards, amendments and interpretations effective in 2006 but not relevant to the Company's and the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1st, 2006 but are not relevant to the Group's operations:

- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 3, Emission Rights
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies and
- IFRIC 9, Reassessment of Embedded Derivatives

6.1.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but that the Group has not early adopted:

IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006).

This interpretation requires the implementation of IFRS 2 during the treatment of all transactions relating to issuing participating titles, where the recognizable price collected



is less than the fair value of participating titles issued. The Group was not affected by the adoption of the interpretation.

IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after November 1, 2006).

This interpretation states that the specific requirements of IAS 36 (regarding goodwill) and IAS 39 (regarding financial assets available for sale) precede general requirements of IAS 34 and thus impairment losses that are recognized for such items in the interim period cannot be reversed in subsequent periods. The Group will not be affected by the adoption of the interpretation.

6.1.4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

The International Accounting Standards Board and the Interpretations Committee have already issued a series of new accounting standards and interpretations, which are not mandatory for the accounting periods beginning on January 1st 2006.

The Group's assessment regarding the effect of the aforementioned new standards and interpretations, is as follows:

- IAS 1, (amendment) Capital disclosures

Due to the issuance of IFRS 7, further disclosures were added to IAS 1 in order for a company to provide useful information to users regarding the objectives, policies and management procedures for its capital. The group will apply the amendments of IAS 1 from 1/1/2007.

-IFRS 7, Disclosures of Financial Instruments

IFRS 7 requires, apart from IAS 32, disclosures for all financial instruments (except those that fall under other standards - i.e. IAS 27, 28, 31). IFRS 7 requires the disclosure of the importance of financial instruments for the company's performance and financial status. Also, qualitative and quantitative information regarding the risks emanating from the use of the financial instruments. The Group will apply IFRS 7 from 1/1/2007.

-IFRS 8, Operating Sectors

IFRS 8 replaces IAS 14 and sets different disclosure requirements regarding the information by activity sectors. IFRS 8 is effective from 1/1/2009 and is expected to be adopted by the Group then.

- IFRIC 11 IFRS 2- Transactions in participating titles of the same company of companies of the same Group

The interpretation provides instructions regarding whether a payment agreement based on the value of the entity's shares, which receives goods or services as an exchange for its own participating titles, will be accounted for as a transaction settled with participating titles or as a transaction settled with cash. IFRIC 11 is effective from 1/1/2007 and is not expected to affect the Group's financial statements.

- IFRIC 12, Service Concession Agreements

IFRIC 12 provides guidance on accounting for some arrangements in which (i) a public sector body ("the grantor") engages a private sector entity ("the operator") to provide services to the public; and (ii) those services involve the use of infrastructure by the operator ("public to private service concessions"). IFRIC 12 is effective from 1/1/2008 and is not expected to affect the Group's financial statements.

6.2 Important accounting decisions, estimations and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

6.2.1 Judgements

In the process of applying the entity's accounting policies, judgments, apart from those involving estimations, made by the management that have the most significant effect on the amounts recognized in the financial statements mainly relate to recoverability of accounts receivable.

Management examine annually the recoverability of the amounts included in accounts receivable, in combination with external information (such as creditability databases, lawyers, etc) in order to estimate the recoverability of accounts receivable.

6.2.2 Estimates and assumptions

Certain amounts included in or affecting our financial statements and related disclosure must be estimated, requiring us to make assumptions with respect to values or



conditions which cannot be known with certainty at the time the financial statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The company evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as our forecasts as to how these might change in the future. Also see note 7, "Summary of Significant Accounting Policies", which discusses accounting policies that we have selected from acceptable alternatives.

Estimated impairment of goodwill

The Group tests goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which is estimated using a discounted cash flow method. When available and as appropriate, there can be used comparative market multiples to corroborate discounted cash flow results. In applying this methodology, a number of factors have been used, including actual operating results, future business plans, economic projections and market data. If this analysis indicates that goodwill is impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset. In this case supplement the cash flow approach discussed above with independent appraisals, as appropriate.

Other identified intangible assets are tested with defined useful lives and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. Intangible assets with indefinite lives are tested annually for impairment using a fair value method such as discounted cash flows. The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 7.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Provisions

The Company establishes provisions for receivables equal to the amount of receivables from agents that management of the Company estimates as doubtful. To determine the



provisions necessary at a balance sheet date, guarantees paid by agents are taken into consideration in accordance with regulations governing the Company's relationship with its agents. These guarantees are used to offset bad debts from agents.

Management estimates that its provisions for credit risk, that amount to €18,379 thousands (2005: €13,379 thousands), are adequate due to its credit risk controls, the large volume and disparate nature of its receivables and the real-time credit control of the Company's agents through its on-line network.

Contingencies

The Group is involved in litigation and claims in the normal course of operations. Management is of the opinion that any resulting settlements would not materially affect the financial position of the Group as at December 31, 2006. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the outcomes and interpretation of laws and regulations. Changes in the judgments or interpretations may result in an increase or decrease in the Company's contingent liabilities in the future.

7. Summary of Accounting policies

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The financial statements are presented in thousand of euros

7.1 Basis of consolidation and investments in associates

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries.

Subsidiaries: are companies in which OPAP S.A. directly or indirectly has an interest of more than one half of the voting rights or otherwise the power to exercise control over their operations. When assessing whether OPAP controls another entity potential voting rights the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are consolidated using the purchase method from the date on which effective control is transferred to the Company and cease to be



consolidated from the date on which control is transferred out of the Company. In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. All inter-company transactions have been eliminated. Where necessary, accounting policies for subsidiaries are revised to ensure consistency with those adopted by the Company. The balance sheet of subsidiaries denominated in foreign currencies are translated in euro using the balance sheet date exchange rates, average exchange rates are used for the translation of the income statement and cash flow statement. Translation gains or losses arising are reported as a separate component of shareholders equity.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Significant influence normally exists when Grantor has 20% to 50% voting power through ownership or agreements. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Where a Group entity transacts with an associate of the Group, profit or losses are eliminated to the extent of the Group's interest in the relevant associated company.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are charged against "results from equity investments" in OPAP's consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of assets and liabilities. Items that have been directly recognised in the associate's equity, for example, resulting from the associate's



accounting for available-for sale securities, are recognised in consolidated equity of the Group. Any non-income related equity movements of the associate that arise, for example, from the distribution of dividends or other transactions with the associate's shareholders are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognised in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the financial statements of OPAP S.A. investments in subsidiaries are accounted for and presented at cost less any impairment of value. Dividends are recognized in the income statement when they are declared. Investments in associates are accounted for and presented at cost less any impairment of value. Dividends are recognized in the income statement when they are declared.

7.2 Foreign currency translation

OPAP's consolidated financial statements are presented in euro (€), which is also the functional currency of the parent company and the currency of presentation for the Company and all its subsidiaries.

Foreign currency transactions are translated into euro using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognised in the income statement under "other income" or "other expenses", respectively except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial



assets and liabilities such as assets held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as assets classified as available for sale are included in the available-for-sale reserve in equity.

In the consolidated financial statements, all separate financial statements of subsidiaries and jointly controlled entities, originally presented in a currency different from the Group's presentation currency (none of which has the currency of a hyperinflationary economy), have been converted into euros.

Assets and liabilities have been translated into euros at the closing rate at the balance sheet date.

7.3 Income and expense recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The amount of revenue is considered to be reliably measurable when all contingencies relating to the sale have been resolved.

Revenues: Revenues include revenues from games. The revenue recognition is as follows:

- **Revenues from games:**

Revenues from the games are recognized upon the completion of games, typically immediately before the announcement of the games' results, which occurs twice per week. Revenues from sports betting games that last longer than three or four days are recognized on a cash basis twice per week. Revenues from sports betting games, are typically recognized daily for "Stihima" and on a cash basis once and three times per week for the games "Propo-goal" and "Propo" respectively, as these games have a duration of more than three or four days..

Other revenue categories are recognized as follows:

- **Sale of goods:**

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods and the payment has been ensured.

- **Rendering of services:**

Revenue from fixed-price contracts is recognised by reference to the stage completion of the transaction at the balance sheet date. Under the percentage of completion method,



revenue is generally recognised based on the cost of services activity and performance to date as a percentage of the total services to be performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. The amount of the selling price associated with the subsequent servicing agreement is deferred and recognised as revenue over the period during which the service is performed. This deferred income is included in "other liabilities".

- Interest income

Interest income is recognized using the effective interest method that is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When a receivable is impaired, the Group reduces the carrying amount to the amount expected to be recovered, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Expenses: Expenses are recognized on an accrual basis. Borrowing costs are expensed as incurred.

7.4 Property, plant and equipment

Fixed assets are reported in the financial statements at acquisition cost or deemed cost, as determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately and reliably measured. The repair and maintenance cost is booked in the results when such is realized.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is booked as profit or loss to the results. Expenditure on repairs and maintenance is booked as an expense in the period they occur.

Depreciation of tangible fixed assets (other than Land which is not depreciated) is calculated using the straight line method over their useful life, as follows:



Land	-
Buildings	20 years
Plant & Machinery	5-8 years
Vehicles	6.5 years
Equipment	5 years

Fixed assets with an acquisition cost less than € 1,200 can be depreciated straightforward.

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately booked as an expense in the income statement.

7.5 Intangible assets

Intangible assets include software and concession rights.

Software: Software licenses are valued in cost of acquisition less accumulated depreciation. Depreciation is calculated using the straight line method during the assets' useful life that range from 1 to 3 years.

Concession right: The 20-year concession granted by the Hellenic Republic to the Company to operate numerical lottery and sports betting games has been stated at cost, which was determined by independent actuaries and depreciated during the 20 years period. Please refer to note 7.7 for the impairment test procedures.

7.6 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. The acquirer tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Refer to note 7.7 for a description of impairment testing procedures.

7.7 Impairment of Assets

The Group's goodwill and assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the book value may not be recoverable any resulting difference is charged to the period's results. Assets that are depreciated are subject to an impairment review when there is evidence



that their value will not be recoverable. The recoverable value is the greater between the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (cash generating unit- CGU) is greater than its recoverable amount. Net sales value is the amount received from the sale of an asset at an arm's length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation.

Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

7.8 Other Non-current Assets

Non-current assets are recorded at their historical cost, without any present value discount from the date of their anticipated maturity or realization.

Guarantee Deposits

Guarantee deposits are placed on deposit with certain suppliers to secure the Company's obligations to those suppliers. Amounts remain as demands for their duration. Upon the maturity of these obligations, the amounts on deposit may be applied against all or a portion of the outstanding obligations according to the terms of the deposit, with any balance being returned to the Group.

Prepayments for Retirement Benefits

These amounts are paid to employees in accordance with the parent Company's collective employment agreement. Since December 31, 2000 these amounts are paid to employees who have completed 17.5 years of service (prior to December 31, 2000 the requirement was 25 years of service). The amount given is the total retirement compensation for the service rendered to that date (until December 31, 2000 the amount given was 50% of the total retirement compensation for the service rendered). Prepaid



amounts are deducted from the lump-sum retirement benefit payable to the employee upon termination. Interest on prepaid amounts accrued at the rate of 2%.

Housing Loans to Personnel

In accordance with the parent Company's collective bargaining agreement, eligible full-time employees are entitled to housing loans. These loans have a term of 25 years with an initial two-year grace period on repayments of principal and interest. Interest accrued at the rate of 2%.

There are three types of housing loans:

Acquisition	€32,281.73
Construction	€16,140.86
Repair	€8,070.43

7.9 Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

Regular way purchase or sale of financial assets is recognised on their settlement date. All financial assets that are not classified as at fair value through profit or loss are initially recognised at fair value, plus transaction costs.

The company determines whether a contract contains an embedded derivative in its agreement. The embedded derivative is separated from the host contract and accounted for as a derivative when the analysis shows that the economic characteristics and risks of the derivative are not closely related to the host contract.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortization process. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

ii) Financial assets at fair value through profit or loss

These comprise assets that satisfy any of the following conditions:

- Financial assets that are held for trading purposes (including derivatives, except those that are designated and effective hedging instruments, those that are acquired or incurred for the purpose of sale or repurchase and, finally, those that are part of a portfolio of designated financial instruments).
- Upon initial recognition, it is designated by the company as an instrument valued at fair value, with any changes recognized through the Income Statement.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be reclassified.

iii) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognised in equity, net of any effects arising from income taxes.

Cumulative gains and losses previously recorded in equity arising from securities classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

In the case of impairment, any cumulative loss previously recognised in equity is transferred to the income statement. The amount of the cumulative loss that is removed from equity and recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognised. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement.

At each balance sheet date, the Group assesses whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication comprises a significant or extended decline in the fair value compared to the acquisition cost. If impairment is established, any accumulated loss in Equity, which is the difference between acquisition cost and fair value, is transferred to the results.

The Group did not own such investments.

iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if it is the intention of the Group's management to hold them until maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. The amortised cost is the amount initially recognised less principal repayments, plus or less the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any provisions for impairment. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest

rate), transaction costs, and all other premiums or discounts. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in the income statement.

v) Fair value

The fair values of financial assets that are traded in active markets, are defined by their prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. The securities that are not traded in an active market that have been classified in the category Financial assets available for sale, and whose fair value cannot be determined in an accurate and reliable way, are valued at their acquisition cost.

7.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the yearly weighted average cost formula.

7.11 Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as money market instruments and bank deposits with an original maturity of three months or less. Money market instruments are financial assets carried at fair value through profit or loss.

7.12 Equity

Share capital is determined using the nominal value of shares that have been issued. Ordinary shares are classified as equity.

Additional paid-in capital includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Preference shares that provide characteristics of a liability are recognised in the balance sheet as a financial liability, net of transaction costs. The dividend payments on shares wholly recognised as liabilities are recognised as interest expense in the income statement. The components of a financial instrument that (a) creates a financial liability of the entity and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the entity are recognised separately and classified separately as financial liabilities, financial assets or equity instruments. Where any group company

purchases the Company's equity share capital (treasury shares), the consideration paid, is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own share capital. Expenses related to the issuance of shares for the purchase of companies are included in the acquisition cost of the company acquired.

7.13 Income tax & deferred tax

The tax for the period comprises current income tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to Equity. In such case the related tax is, accordingly, booked directly to Equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax liabilities are recognised for all taxable temporary differences. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with goodwill. No deferred taxes are recognised to temporary differences associated with shares in subsidiaries and joint ventures if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

No deferred taxes are recognised from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity. Deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. The Group recognises previously unrecognised deferred tax asset are reassessed at each balance sheet date to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

7.14 Other provisions, contingent liabilities and contingent assets

Other provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are not recognised for future operating losses.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the entity settles the obligation and it is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision. The expense relating to a provision is presented in the income statement, net of the amount recognised for a reimbursement. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount pre-tax rate reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost in the income statement.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised unless assumed in the course of a



business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

7.15 Financial liabilities

The Group's financial liabilities include bank loans and overdrafts, trade and other payables and finance leasing liabilities. They are included in balance sheet line items 'long-term borrowings', "short-term borrowings" and 'trade and other payables'.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument and derecognised when the obligation under the liability is discharged or cancelled or expires. All interest related charges are recognised as an expense in "finance cost" in the income statement.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables and other liabilities are recognised initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortization process.

Where an existing financial liability is exchanged by another or the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as extinguishment of the original liability and recognition of a new liability. Any difference in the respective carrying amounts is recognised in the income statement.

- Borrowings

Loans are recorded as liabilities at the date funds are received. Loan issuance expenses are included in the results of operations. At a subsequent balance sheet dates, loans are shown at their unpaid principal amount. Interest expenses are recognized when paid and at the balance sheet date, to the extent that these expenses are accrued and unpaid.



Loans are classified as long-term if they mature in more than one year and short-term if they mature in one year or less.

7.16 Retirement benefits Costs

Pursuant to the collective bargaining agreement between the Company and its employees, the Company is obliged to pay its employees retirement benefits following the completion of the requisite service period. The cost of these benefits, determined periodically on an actuarial basis, is recognized as an expense in the year that the service was rendered. A portion of this benefit may be paid to an employee prior to his/her retirement.

Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortized over the expected average remaining working lives of the participating employees.

7.17 Investment Property

In this category the Group classifies property held for long-term rental yields which is not occupied by the companies. These investments are initially recognized at their cost, increased by the expenses related to the acquisition transaction. After the initial recognition they are valued at their cost less the accumulated depreciation and the possible accumulated losses from the reduction of their value. Expenses for the maintenance and repairing of the invested upon property, plant and equipment, are recognized in the income statement. For the calculation of depreciation, their useful life has been defined equal to that of owner occupied property.

8. Structure of the Group

The structure of OPAP Group as of 31 December 2006 is the following:

COMPANY'S NAME	OWNERSHIP INTEREST	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Consolidation			
OPAP S.A.	Parent Company	Greece	Numerical lottery games and sports betting
OPAP (CYPRUS) LTD	100%	Cyprus	Numerical lottery games
OPAP GLORY LTD	90%	Cyprus	Sports betting company
OPAP INTERNATIONAL LTD	100%	Cyprus	Holding Company
OPAP SERVICES S.A.	100%	Greece	Sports events- Promotion
Equity method			
Glory Technology Ltd	20%	Cyprus	Software

The effective date of first consolidation for both «OPAP (CYPRUS) LTD» and «OPAP GLORY LTD» companies was October 1st, 2003 for «OPAP INTERNATIONAL LTD» it was



February 24th 2004 and for «OPAP SERVICES S.A.» it was September 15th 2004. All subsidiaries have same reporting date to parent company.

9. Dividend distribution

Dividend distribution to the shareholders of the parent company and the Group is recognized as a liability named "Trade and other payables", at the date at which the distribution is approved of by the Shareholders' General Meeting.

10. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The management recognizes business segment as primary and reports separately revenues from each game.

10.1 Business Segments of OPAP Group of Companies, for the years ended at December 31st, 2006 and 2005 respectively

1/1-31/12/2006	PROPO	LOTTO	PROTO	STIHIMA	PROPOGOAL	JOKER	EXTRA 5	SUPER 3	KINO	Unallocated Items	TOTAL
(Amounts in thousand of euro)											
Revenues	64,733	54,210	48,716	2,282,983	1,491	248,764	16,396	65,711	1,850,425	-	4,633,429
Gross profit	23,487	24,892	16,027	282,613	461	89,798	5,439	18,497	397,332	-	858,546
Profit from operations	14,816	21,658	14,228	219,022	395	75,031	4,982	16,667	345,789	-	712,588
Profit before tax	14,816	21,658	14,228	219,022	395	75,031	4,982	16,667	345,789	12,929	725,517
Profit after tax	10,411	15,218	9,998	153,901	278	52,722	3,501	11,711	242,976	9,085	509,801
Other information :											
Tangible and intangible assets	3,582	3,000	2,696	126,350	83	13,768	907	3,637	102,410	-	256,433
Current assets	9,381	7,856	7,060	330,836	216	36,049	2,376	9,523	268,153	-	671,450
Other assets	12,963	10,856	9,756	457,186	299	49,817	3,283	13,160	370,563	-	927,883
Unallocated assets										32,045	32,045
TOTAL ASSETS											959,928
Segment liabilities	2,511	2,103	1,890	88,566	58	9,651	636	2,549	71,785	-	179,749
Unallocated liabilities										262,460	262,460
TOTAL LIABILITIES											442,209
Additions of tangible and intangible assets	257	215	193	9,048	6	986	65	260	7,334	-	18,364
Depreciation and amortization	358	300	269	12,625	8	1,376	91	363	10,233	-	25,623

1/1-31/12/2005	PROPO	LOTTO	PROTO	STIHIMA	PROPOGOAL	JOKER	EXTRA 5	SUPER 3	KINO	Unallocated Items	TOTAL
(Amounts in thousand of euro)											
Revenues	79,308	58,195	44,663	1,438,344	1,292	268,368	20,032	70,036	1,714,996	-	3,695,234
Gross profit	28,769	26,192	14,179	247,100	190	95,207	4,819	20,252	369,555	-	806,263
Profit from operations	19,611	24,119	12,980	208,508	95	79,950	3,406	18,347	323,536	(7,888)	682,664
Profit before tax	19,611	24,119	12,980	208,508	95	79,950	3,406	18,347	323,536	2,866	693,418
Profit after tax	12,961	15,941	8,579	137,808	63	52,841	2,251	12,126	213,834	1,895	458,299
Other information :											
Tangible and intangible assets	5,660	4,153	3,187	102,640	92	19,151	1,429	4,998	122,383	-	263,693
Current assets	14,412	10,575	8,116	261,380	235	48,769	3,640	12,727	311,654	-	671,508
Other assets	20,072	14,728	11,303	364,020	327	67,920	5,069	17,725	434,037	-	935,201
Unallocated assets										30,485	30,485
TOTAL ASSETS											965,686
Segment liabilities	3,806	2,793	2,144	69,035	62	12,881	961	3,361	82,313	-	177,356
Unallocated liabilities										305,007	305,007
TOTAL LIABILITIES											482,363
Additions of tangible and intangible assets	50	37	28	905	1	169	13	44	1,079	-	2,326
Depreciation and amortization	508	373	286	9,217	8	1,719	128	449	10,990	-	23,678

10.2 Business Segments of OPAP SA, for the years ended at December 31st, 2006 and 2005 respectively

1/1-31/12/2006	PROPO	LOTTO	PROTO	STIHIMA	PROPOGOAL	JOKER	EXTRA 5	SUPER 3	KINO	TOTAL
(Amounts in thousand of euro)										
Revenues	64,035	48,940	42,510	2,272,825	1,447	227,444	15,430	60,942	1,790,532	4,524,105
Gross profit	23,247	22,951	14,562	281,210	444	84,160	5,242	17,521	391,301	840,638
Other information :										
Tangible and intangible assets	3,615	2,763	2,400	128,315	82	12,841	871	3,440	101,086	255,413
Current assets	8,622	6,590	5,724	306,034	195	30,625	2,078	8,206	241,094	609,168
Other assets	12,237	9,353	8,124	434,349	277	43,466	2,949	11,646	342,180	864,581
Unallocated assets										70,200
TOTAL ASSETS										934,781
Segment liabilities	2,606	1,991	1,730	92,488	59	9,255	628	2,480	72,862	184,099
Unallocated liabilities										260,749
TOTAL LIABILITIES										444,848
Additions of tangible and intangible assets	258	197	171	9,151	6	916	62	245	7,210	18,216
Depreciation and amortization	355	271	236	12,595	8	1,260	85	338	9,922	25,070

1/1-31/12/2005	PROPO	LOTTO	PROTO	STIHIMA	PROPOGOAL	JOKER	EXTRA 5	SUPER 3	KINO	TOTAL
(Amounts in thousand of euro)										
Revenues	78,611	52,758	38,992	1,428,557	1,257	248,486	18,980	65,173	1,660,129	3,592,943
Gross profit	28,538	24,197	12,847	245,947	178	89,981	4,606	19,266	363,366	788,926
Other information :										
Tangible and intangible assets	5,738	3,851	2,846	104,273	92	18,138	1,385	4,758	121,176	262,257
Current assets	13,349	8,959	6,621	242,588	214	42,197	3,223	11,067	281,912	610,130
Other assets	19,087	12,810	9,467	346,861	306	60,335	4,608	15,825	403,088	872,387
Unallocated assets										65,742
TOTAL ASSETS										938,129
Segment liabilities	3,727	2,501	1,849	67,731	60	11,781	900	3,090	78,710	170,349
Unallocated liabilities										303,630
TOTAL LIABILITIES										473,979
Additions of tangible and intangible assets	42	28	21	756	1	131	10	34	878	1,901
Depreciation and amortization	500	336	248	9,088	8	1,581	121	414	10,561	22,857

There are no sales transactions between business segments. Segment assets consist of property, plant and equipment, intangible assets, inventories, trade and other receivables, cash and cash equivalents. Unallocated assets principally consist of deferred tax, long term investments and goodwill. Segment liabilities comprise operating liabilities and exclude items such as taxation, employee benefit plans and provisions.

Administrative expenses, other operating income and expenses plus a portion of cost of sales and a portion of the distribution expenses, was allocated to business segments according to the revenues of each business segment.

10.3 Geographical segments

Group's operations are in Greece and Cyprus. Greece is the country of incorporation of the parent company.

Year ended December 31 st , 2006	Greece	Cyprus	Total
(Amounts in thousand of euro)			
Revenues	4,524,105	109,324	4,633,429
Gross Profit	840,638	17,908	858,546
Total assets	934,781	25,147	959,928

Year ended December 31 st , 2005	Greece	Cyprus	Total
(Amounts in thousand of euro)			
Revenues	3,592,943	102,291	3,695,234
Gross Profit	788,926	17,337	806,263
Total assets	938,129	27,557	965,686

Revenues are based on the country where the client is located. There are no sales among geographical segments.

11. Notes on the Financial Statements

11.1 Cash and cash equivalents

Cash and cash equivalents analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
(Amounts in thousand of euro)				
Cash in hand	117	321	104	305
Cash at bank	329,123	383,579	323,940	375,305
Short term Bank deposits	54,886	53,101	-	-
Total cash and cash equivalents	384,126	437,001	324,044	375,610

The average interest rate earned on bank deposits was 2.95% in 2006 and 2.10% in 2005. The average duration of short-term bank deposits was 23 calendar days in 2006 and 26 in 2005.

11.2 Inventories

The analysis of inventories is as follows:

GROUP	31/12/2006	31/12/2005
	(Amounts in thousand of euro))	
Raw materials	15	84
Consumable materials	<u>593</u>	<u>320</u>
Total inventories	608	404

COMPANY	31/12/2006	31/12/2005
	(Amounts in thousand of euro))	
Raw materials	15	84
Consumable materials	<u>593</u>	<u>320</u>
Total inventories	608	404

Inventories consist mainly of paper and printing material used for the printing of lottery tickets.

11.3 Trade receivables

The analysis of trade receivables is as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	(Amounts in thousand of euro)			
Receivables from lottery agencies (receivables from lottery and betting games)	88,021	44,633	82,853	42,653
Receivables from lottery agencies (accounts under arrangement)	12,854	8,030	12,854	8,030
Bad and doubtful debts	17,870	16,769	17,870	16,769
Less provisions for bad and doubtful debts and for accounts under arrangement	(18,379)	(13,379)	(18,379)	(13,379)
Prepayments to suppliers	782	3,122	782	3,122
Other receivables	<u>902</u>	<u>2,804</u>	<u>4,148</u>	<u>5,159</u>
Total Trade Receivables	102,050	61,979	100,128	62,354

Receivables from lottery agencies refer to receivables from lottery and betting games that took place at the end of December 2006 and were collected at the beginning of January 2007.

Management considers that the Company's main credit risk arises from bad and doubtful debts of agents. As at December 31st, 2006 this debt amounted to € 17,870,000 (€16,769,000 in 2005) while the accounts under arrangement amounted to € 12,854,000 (2005: € 8,030,000). To cover this risk the Company established a provision of

€18,379,000 (€13,379,000 in 2005). A collective warranty deposit fund that jointly secures the agents' obligations to the parent Company, amounting to € 5,159,000 at December 31st, 2006, is also available to cover bad debts (€4,998,500 in 2005). This amount is also available to cover the bad and doubtful agents (See note 11.17). Management considers these provisions to be adequate.

11.4 Other Assets

The analysis of Other Assets is as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
(Amounts in thousand of euro)				
Amounts due from the operator of <i>Stihima</i>	29,143	-	29,143	-
Housing loans to personnel	108	125	108	125
Prepayments of retirement compensation	229	1,060	229	1,060
Other	4,946	2,237	4,952	2,045
Prepaid expenses – revenue receivable	13,680	19,289	13,485	19,287
Deferred income tax expense	<u>136,560</u>	<u>149,413</u>	<u>136,471</u>	<u>149,245</u>
Total Other Assets (current)	184,666	172,124	184,388	171,762

Amounts due from the operator of Stihima for the year ended December 31st, 2006 were calculated in accordance with the terms of the contract signed on 25/6/2005 with its operator and refer to the two year period from 30/1/2005 to 29/1/2007.

Housing loans to personnel are secured with mortgages on the property purchased.

Prepaid expenses mainly consist of prepayments made to the Greek Football Association, and football clubs for advertising and sponsoring services according to the terms of separate contracts signed with each of those associations.

Deferred income tax expense refers to an advance payment of the parent company for the next year's profit. According to Greek tax law, companies are obliged to calculate an additional amount of 65% of the current year's income tax charge. On the balance sheet date an equal liability to the deferred income tax is recognized. The amount of deferred income tax is offset with the next year's income tax.

11.5 Intangible assets

Intangible assets refer to Software and concession rights and analyzed as follows:

GROUP	Software	Rights	Total
(Amounts in thousand of euro)			
Year ended December 31st, 2005			
Opening net book amount	2,592	242,112	244,704
Additions	627	-	627
Disposals / Transfers	(253)	-	(253)
Amortization of disposals	253	-	253
Amortization charge	(1,535)	(16,141)	(17,676)
At December 31st, 2005			
Acquisition cost	9,629	322,817	332,446
Accumulated amortization	(7,945)	(96,846)	(104,791)
Net Book Amount	1,684	225,971	227,655
Year ended December 31st, 2006			
Opening net book amount	1,684	225,971	227,655
Additions	14,465	-	14,465
Disposals / Transfers	-	-	-
Amortization of disposals	-	-	-
Amortization charge	(3,618)	(16,141)	(19,759)
At December 31st, 2006			
Acquisition cost	24,094	322,817	346,911
Accumulated amortization	(11,563)	(112,987)	(124,550)
Net Book Amount	12,531	209,830	222,361

COMPANY	Software	Rights	Total
(Amounts in thousand of euro)			
Year ended December 31st, 2005			
Opening net book amount	2,497	242,112	244,609
Additions	564	-	564
Disposals / Transfers	(253)	-	(253)
Amortization of disposals	253	-	253
Amortization charge	(1,438)	(16,141)	(17,579)
At December 31st, 2005			
Acquisition cost	9,461	322,817	332,278
Accumulated amortization	(7,838)	(96,846)	(104,684)
Net Book Amount	1,623	225,971	227,594
Year ended December 31st, 2006			
Opening net book amount	1,623	225,971	227,594
Additions	14,432	-	14,432
Disposals / Transfers	-	-	-
Amortization of disposals	-	-	-
Amortization charge	(3,576)	(16,141)	(19,717)
At December 31st, 2006			
Acquisition cost	23,893	322,817	346,710
Accumulated amortization	(11,414)	(112,987)	(124,401)
Net Book Amount	12,479	209,830	222,309

Intangible assets are currently unencumbered. Amortization of the 20-year concession is totally included in cost of sales, whereas amortization of software is allocated among cost of sales, administrative expenses and distribution costs. The remaining useful life of concession is thirteen (13) years.

11.6 Property, Plant and Equipment

Plant and machinery mainly include equipment for lottery agents. All property, plant and equipment are currently unencumbered.

GROUP	Land & Buildings	Plant & Machinery	Vehicles & Equipment	Total
(Amounts in thousand of euro)				
Year ended December 31st, 2005				
Opening net book amount	19,497	16,107	4,746	40,350
Additions	284	125	1,290	1,699
Disposals / Transfers	-	(2)	(18)	(20)
Depreciation of disposals	-	-	11	11
Depreciation charge	(1,138)	(2,836)	(2,028)	(6,002)
At December 31, 2005				
Acquisition cost	21,252	41,217	16,292	78,761
Accumulated amortization	(2,609)	(27,823)	(12,291)	(42,723)
Net Book Amount	18,643	13,394	4,001	36,038
Year ended December 31st, 2006				
Opening net book amount	18,643	13,394	4,001	36,038
Additions	183	2,543	1,173	3,899
Disposals / Transfers	-	(5)	(75)	(80)
Depreciation of disposals	-	2	77	79
Depreciation charge	(1,158)	(2,745)	(1,961)	(5,864)
At December 31, 2006				
Acquisition cost	21,435	43,755	17,390	82,580
Accumulated amortization	(3,767)	(30,566)	(14,175)	(48,508)
Net Book Amount	17,668	13,189	3,215	34,072

COMPANY	Land & Buildings	Plant & Machinery	Vehicles & Equipment	Total
(Amounts in thousand of euro)				
Year ended December 31st, 2005				
Opening net book amount	19,351	15,253	4,005	38,609
Additions	159	122	1,056	1,337
Disposals / Transfers	-	-	(10)	(10)
Depreciation of disposals	-	-	5	5
Depreciation charge	(1,130)	(2,609)	(1,539)	(5,278)
At December 31, 2005				
Acquisition cost	20,976	39,802	15,294	76,072
Accumulated amortization	(2,596)	(27,036)	(11,777)	(41,409)
Net Book Amount	18,380	12,766	3,517	34,663
Year ended December 31st, 2006				
Opening net book amount	18,380	12,766	3,517	34,663
Additions	135	2,543	1,106	3,784
Disposals / Transfers	-	-	(53)	(53)
Depreciation of disposals	-	-	63	63
Depreciation charge	(1,143)	(2,503)	(1,707)	(5,353)
At December 31, 2006				
Acquisition cost	21,111	42,345	16,347	79,803
Accumulated amortization	(3,739)	(29,539)	(13,421)	(46,699)
Net Book Amount	17,372	12,806	2,926	33,104

11.7 Goodwill

The analysis of goodwill presented in the consolidated financial statements, arisen from the acquisition of Opap Glory Ltd (subsidiary) and Glory Technology Ltd (associate) is as follows:

GROUP	Opap Glory Ltd	Glory Technology Ltd	Total
(Amounts in thousand of euro)			
Goodwill at the acquisition date	14,231	9,993	24,224
Accumulated Depreciation	(1,779)	(1,249)	(3,028)
Net Book value as at 1/1/2005	12,452	8,744	21,196
Impairment	0	(7,550)	(7,550)
Net Book value as at 31/12/2005	12,452	1,194	13,646
Impairment	0	0	0
Net Book value as at 31/12/2006	12,452	1,194	13,646

Following the transition to IFRS 3 (2004) on January 1st 2005, the amortization of goodwill has ceased. Goodwill is now subject only to periodic testing for impairment. The management of OPAP S.A. assigned to an independent firm the valuation of subsidiaries in Cyprus OPAP Glory Ltd and Glory Technology Ltd on 31/12/2005. In the year 2005 an amount of € 7,550,000 was recognised as impairment loss of goodwill from Glory Technology Ltd (See also note 11.27).

According to the year end results of the subsidiary Opap Glory Ltd, OPAP's management decided to assign to an independent firm the valuation of the subsidiary OPAP Glory Ltd on 31/12/2006. According to this valuation, no further impairment was necessary.

For the associate Glory Technology Ltd no new valuation by an independent firm, took place as according to year's 2005 study and the current year's results no further impairment was necessary.

11.8 Investments in subsidiaries of OPAP S.A.

The subsidiary companies included in the financial statements of the parent company, are the following:

Consolidated subsidiary	Ownership Interest	Acquisition cost (thousand of €)	Country of incorporation	Principal activities
O.P.A.P. (CYPRUS) LTD	100%	1,704	Cyprus	Numerical lottery games
O.P.A.P. GLORY LTD	90%	16,000	Cyprus	Sports betting Company
O.P.A.P. INTERNATIONAL LTD	100%	5,173	Cyprus	Holding Company
O.P.A.P. SERVICES S.A.	100%	20,000	Greece	Sports events-Promotion
Total		42,877		

The value of O.P.A.P GLORY LTD has been impaired by € 1.3 million. There are no significant restrictions on the ability of the above subsidiaries to transfer funds to the company in the form of cash dividends, or repayment of loans or advances.

Investments in subsidiaries are analyzed as follows:

(Amounts in thousand of euro)	31/12/2006	31/12/2005
Opening balance	41,577	42,877
Acquisitions	0	0
Impairment losses recognised in P&L	0	(1,300)
Closing balance	41,577	41,577

11.9 Investments in associates

A summary of the associates whereas the Group has invested, is as follows:

31/12/2006 (Amounts in thousand of euro)							
Associates	% of interest	Country	Principal activity	Assets	Liabilities	Revenues	Profit/(Loss)
Glory Technology Ltd	20%	Cyprus	Software	2,741	670	2,097	739

31/12/2005 (Amounts in thousand of euro)							
Associates	% of interest	Country	Principal activity	Assets	Liabilities	Revenues	Profit/(Loss)
Glory Technology Ltd	20%	Cyprus	Software	685	1,623	666	(2,633)

There are no significant restrictions on the ability of the above associates to transfer funds to the company in the form of cash dividends, or repayment of loans or advances. Investments in associates are analyzed as follows:

1. In the consolidated financial statements:

(Amounts in thousand of euro)	31/12/2006	31/12/2005
Opening balance	0	338
Acquisitions	0	0
Share of profit /(loss)	0	(338)
Closing balance	0	0

In the current year no profit from the associate Glory Technology Ltd has been realised as the total unrealised loss was arisen to €41 thousands (2005: €189 thousands loss)

2. In the financial statements of OPAP S.A.:

(Amounts in thousand of euro)	31/12/2006	31/12/2005
Opening balance	1,200	10,000
Acquisitions	0	0
Impairment losses recognised in P&L	0	(8,800)
Closing balance	1,200	1,200

Investments in associates at December 31st, 2006 include goodwill of 0 thousand of euro (2005: 0 thousand of euro)

11.10 Other Non-current Assets

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	(Amounts in thousand of euro)			
Guarantee deposits	1,063	868	1,054	859
Prepayments of retirement benefits	11,339	6,078	11,339	6,078
Capital Investments under construction	1,589	1,649	1,589	1,649
Housing loans to personnel	<u>2,489</u>	<u>2,889</u>	<u>2,489</u>	<u>2,889</u>
Total other non-current assets	16,480	11,484	16,471	11,475

The current portion of "Other Non-current Assets" is included in other current assets and deferred expenses.

11.11 Deferred tax assets

Deferred tax assets and liabilities are offset when there is the legal right to offset current tax assets with current tax liabilities and these assets and liabilities concern the same tax authorities.

The analysis of deferred tax assets and liabilities is the following:

GROUP		
	Deferred tax (income statement)	Deferred tax assets
(Amounts in thousand of euro)		
Deferred taxes on the December 31st, 2005		5,355
Deferred depreciation cost	(54)	(54)
Deferred staff retirement benefits' cost	(972)	(972)
Contingent liabilities provision cost	226	226
Other deferred tax deductible expenses	1,368	1,368
Other deferred contingent taxes	(4,004)	(4,004)
	(3,436)	(3,436)
Deferred taxes on the December 31st, 2006		1,919
COMPANY		
	Deferred tax (income statement)	Deferred tax assets
(Amounts in thousand of euro)		
Deferred taxes on the 31st December, 2005		11,490
Deferred depreciation cost	(57)	(57)
Deferred staff retirement benefits' cost	(972)	(972)
Contingent liabilities provision cost	226	226
Other deferred tax deductible expenses	4,269	4,269
Other deferred contingent taxes	(4,004)	(4,004)
	(538)	(538)
Deferred taxes on the 31st December, 2006		10,952

The tax rate used for the calculation of the deferred taxes is the effective tax rate of the Group in the next financial years.

The retirement benefit cost is deducted in order to calculate the financial results. However, in order to calculate the taxable profit, this cost is removed, when the benefits are actually paid by the company. This difference, results in the recording of deferred tax assets, as an economic benefit arises for the company from the deduction of the benefits from the taxable profit.

The amount of the other deferred taxes refers to additional taxes imposed after the audit of the tax authorities for the year 2005 as well as an estimation for additional taxes that might arise after the audit of the tax authorities for the year 2006.

11.12 Borrowings

OPAP S.A. took up the outstanding loans at the end of 2006, without extra charges or penalties. The Group's and company's outstanding loans have the following maturities:

GROUP	31/12/2006	31/12/2005
(Amounts in thousand of euro)		
Less than one year	0	15,118
One to five years	0	10,227
More than five years	0	0
Total borrowings	0	25,345

COMPANY	31/12/2006	31/12/2005
(Amounts in thousand of euro)		
Less than one year	0	15,118
One to five years	0	10,227
More than five years	0	0
Total borrowings	0	25,345

The weighted average effective interest rates were 4.08% at December 31st, 2006, and 4.70% at December 31st, 2005. The loans have a floating rate, consisting of a spread over six- or three-month EURIBOR ranging from 0.45% to 0.85%, depending on the loan.

11.13 Trade and other payables

The analysis of trade and other payables is as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
(Amounts in thousand of euro)				
Suppliers	38,332	37,269	58,148	46,162
Prize payouts to the lottery and betting winners	98,439	93,243	88,974	81,999
Dividends payable	5,776	2,163	5,776	2,163
Other payables	18,382	10,480	14,730	7,437
Total trade and other payables	160,929	143,155	167,628	137,761

11.14 Tax liabilities

The analysis of tax liabilities is as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
(Amounts in thousand of euro)				
Tax on income liabilities	228,087	272,841	228,087	272,747
Other tax liabilities	14,468	8,374	12,757	7,091
Total tax liabilities	242,555	281,215	240,844	279,838

11.15 Accrued liabilities

Accrued liabilities are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	(Amounts in thousand of euro)			
Other accrued liabilities	12,879	3,077	10,651	1,582
Total accrued liabilities	12,879	3,077	10,651	1,582

The amount is referred to accrued expenses and sponsoring payables in year 2006

11.16 Employee benefit plans

The company offers two specific pension plans. The subsidiaries do not offer relevant pension plans. Each plan's analysis is as follows:

Retirement compensation

By the termination of an employee's service, a lump sum is paid, that is equal to the 1/14 of the total salary of the employee in the last year of service in the company, for each year of prior-service, plus the analogy of overtime and benefit payable, based on the accumulated years of service. The liabilities for these benefit plans are not financed unless the company prepays retirement benefits to the employee (See also paragraph Accounting policies). The company periodically hires actuaries, aiming at defining the liabilities arising from the program.

For services until the December 31st, 2006 and 2005, the present value of the retirement benefits, based on the mandatory benefits, according to the plan terms and the predicted salary levels is € 17,927,488 and € 21,406,904 respectively.

The amount of € 2,190,240 is the current cost of the period, proportionally allocated to the cost of sales, administrative and distribution expenses, while the cost for 2005 was € 1,952,610.

Benefits based on the pension contract

The pension plan of the company that was adjusted in February 2003, commencing since the January 1st, 2003, significantly increased the benefits of the employees. An actuarial carried out a study in order to calculate benefits. In addition, the company decided to

recognize this program as a definite contribution and not as benefit, as it had occurred in the past because of the restricted amount of the liability.

The analysis of the plans in the Balance Sheet of the Group and the Company as at December 31st, 2006 is as follows:

	Retirement plan	Pension plan	Total
(Amounts in thousand of euro)			
Balance as at December 31st, 2004	20,911	2,458	23,369
Payments	(1,457)	(779)	(2,236)
Cost of Service	1,077	292	1,369
Interest cost	750	196	946
Amortization of unrecognized actuarial (gain)/loss	126	-	126
Expected return on assets	-	(83)	(83)
Total cost recognized in the income statement	1,953	405	2,358
Balance as at December 31st, 2005	21,407	2,084	23,491
Payments	(5,669)	(861)	(6,530)
Cost of Service	1,246	332	1,578
Interest cost	696	199	895
Amortization of unrecognized actuarial (gain)/loss	248	29	277
Expected return on assets	-	(107)	(107)
Total cost recognized in the Income Statement	2,190	453	2,643
Balance as at December 31st, 2006	17,928	1,676	19,604

The main actuarial assumptions that took place as at December 31st, 2006 and 2005 are:

	2006	2005
Discount rate	4.30%	4.50%
Expected salary increase percentage	5.00%	4.50%
Average service in the Company	15.16	12.22
Inflation rate	2.50%	2.50%

11.17 Provisions

Group's and company's provisions are analyzed as follows:

Date	Provisions for bad debts	Other provisions	Total
(Amounts in thousand of euro)			
Balance as at December 31, 2004	10,879	-	10,879
Additional provisions	2,500	301	2,801
Used during the year	-	-	-
Balance as at December 31, 2005	13,379	301	13,680
Additional provisions	5,000	-	5,000
Used during the year	-	-	-
Balance as at December 31, 2006	18,379	301	18,680



According to the legal department of the company, the amount of € 301,000 refers to provisions made against losses from lawsuits from part time employees.

11.18 Other long – term liabilities

Other long – term liabilities are analyzed as follows:

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	(Amounts in thousand of euro)			
Guarantee deposits from lottery agents	3,640	3,580	3,519	3,462
Interests on guarantees - Penalties against agents	2,228	2,199	2,228	2,199
Other liabilities	73	=	73	=
Total Other long - term Liabilities	5,941	5,779	5,820	5,661

Guarantee deposits from lottery agents represent amounts placed on deposit to jointly secure agents' obligations.

These guarantees are paid back to the agents if and only if they cease to act as agents.

11.19 Share Capital

When the Company was organized as a societe anonyme in 1999, its articles of association provided that a valuation committee should value its assets within one year. In accordance with that requirement, the committee valued the Company's assets at € 33,778,000. Of that amount, € 29,347,000 was capitalized through the issuance of one million shares. The rest amount was entered to the revaluation reserve account within shareholders' equity.

On December 15th, 2000, the common shares of the Company were split to increase the number of shares outstanding to 100,000,000. Consequently, the Company's share capital was increased by € 64,270,000 to €93,617,000 through the issuance of 219,000,000 new shares. The € 64,270,000 increase consisted of (a) retained earnings, (b) an amount released from the revaluation reserve account and (c) a portion of the concession (€ 29,347,000).

In 2001, the par value of the Company's shares was increased from € 0.29 to € 0.30 through the capitalization of special reserves.

All the shares issued by the Company are common shares.

The total authorized number of common shares was 319 million on December 31st, 2006 with a par value of €0.30 per share (€ 0.30 in 2005). All issued shares are fully paid.



There were no movements in the share capital of the company during the twelve-month period ended December 31st, 2006.

11.20 Reserves

Reserves are analyzed as follows:

GROUP	Other reserves	Statutory reserves	Untaxed reserves	Total
(Amounts in thousand of euro)				
As at December 31st, 2006	3,455	31,900	8,345	43,700

COMPANY	Other reserves	Statutory reserves	Untaxed reserves	Total
(Amounts in thousand of euro)				
As at December 31st, 2006	2,815	31,900	8,345	43,060

The nature and purpose of each reserve account within shareholders' equity is as follows:

Other reserves reflect amounts deducted from the previous years' earnings. After taxation they are available for distribution to shareholders.

Statutory reserves reflect the addition of a minimum of 5% of the annual net profit of parent company added each year, subject to a maximum balance of 1/3 of the outstanding share capital. This amount is not available for distribution. After the allocation of net profit of 2003 this reserve has reached the statutory amount and further addition is not obligatory.

Untaxed reserves are drawn from untaxed earnings. Any portion of this reserve distributed to shareholders becomes subject to income tax. The intention of the Company is not to distribute these reserves.

11.21 Proposed dividends

The management aims to propose to the Shareholders' General Meeting of 2007 the distribution of a dividend equal to € 1.58 / share for 2006, against € 1.42 / share for 2005.

We also note that the Board of Directors of the company - by decision No. 44/24-10-2006- approved of the interim dividend distribution for 2006 using the nine month period results of the company. The cutting off date has been decided to be the 11th of December 2006 (Beneficiary shareholders for the interim dividend were the shareholders as at the end of 8th December 2006), and the starting payment date has been decided to be the 19th of December 2006. Based on after tax profit of the nine month period, the

BoD approved of the payment of €0.55 per share to the shareholders. Total amount distributed as interim dividend, was €175,450,000.

11.22 Exchange differences

Exchange differences that derived during the year and exchange differences that derived from foreign currency balances at the balance sheet date, are analyzed as follows:

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
(Amounts in thousand of euro)				
Conversions exchange Differences recognized directly in equity	84	179	-	-
Negative exchange differences	(1,492)	(133)	(1,492)	(133)
Positive exchange differences	<u>1,223</u>	<u>802</u>	<u>245</u>	<u>802</u>
Total exchange differences	(185)	848	(1,247)	669

The company has no risk management policy for currency risks because the cash and cash equivalents from the operations in Cyprus are sufficient enough to cover its operating needs, and therefore, the operations in Cyprus do not require exchange conversion transactions that would expose the company to a significant foreign currency risk. The exchange differences derived from the conversion of the financial statements of subsidiaries in foreign countries, are directly deducted from the equity.

11.23 Cost of Sales

The analysis of cost of sales classified by nature of expense is as follows:

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
(Amounts in thousand euro)				
Prize payouts to the lottery and betting winners	3,071,421	2,356,803	3,002,879	2,292,932
Lottery agents' commissions	373,539	298,640	362,518	288,398
Betting Commissions	233,007	147,311	232,341	146,669
Depreciation	3,943	3,983	3,701	3,753
Amortization	19,108	17,351	19,073	17,320
Repairs and maintenance expenditures	13,100	9,426	12,476	8,843
Third party outsourcing	10,826	10,582	10,410	10,582
Subsidies to Greek Professional Football Teams Association	5,185	6,634	5,185	6,634
Staff cost	15,054	13,058	14,946	13,058
Other expenses	23,632	21,631	13,870	12,276
Provisions for bad debts	5,000	2,500	5,000	2,500
Retirement benefit costs	<u>1,068</u>	<u>1,052</u>	<u>1,068</u>	<u>1,052</u>
Total cost of sales	3,774,883	2,888,971	3,683,467	2,804,017

Prize payouts to lottery and betting winners as the main account of the cost of sales, represent the profit of the games' winners of the Company according to the rules of each game. The payout percentage of sales on 31/12/2006 was: a) for Stihima 66.77% (2005: 62.71%) and b) for KINO 70.23% (2005: 69.21%).

Lottery Agents' commissions are commissions accrued to the Company's dedicated sales agents. They are accounted for at a fixed rate of 8% on revenues which are generated by Stihima and Super 3, 7% on the revenues of Kino (since 6/10/2006 the percentage has increased to 7.5% while since 1/1/2007 the percentage has increased 8%) and 12% for the other games. The rate for the fixed odds organized in Cyprus is 10%.

Betting commissions are paid to the operator of Stihima for the services that this entity provides in relation to the operation of Stihima, which was introduced in 2000.

Distributions to the Greek Professional Football Association are related to the Propo and Propo-goal games.

11.24 Other operating income

The analysis of other operating income, is as follows:

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
	(Amounts in thousand euro)			
Management fees	-	-	9,917	9,251
Rents	480	868	480	868
Exchange differences	1,223	802	245	802
Other	842	3,125	843	2,966
Total	2,545	4,795	11,485	13,887

11.25 Administrative & Distribution expenses

The administrative and distribution expenses, are as follows:

Administrative expenses Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
	(Amounts in thousand euro)			
Staff cost	21,675	17,198	19,954	15,558
Professional fees and expenses	7,847	6,925	5,774	5,205
Third party expenses	4,406	3,813	3,690	3,062
Taxes & duties	94	77	79	71
Other Expenses	3,926	6,017	3,561	5,255
Depreciation and amortization	2,333	2,188	2,068	1,630
Provisions	1,408	1,134	1,408	1,134
Total Administration Expenses	41,689	37,352	36,534	31,915

Distribution Expenses	GROUP		COMPANY	
	Year ended December 31 st ,			
	2006	2005	2006	2005
	(Amounts in thousand euro)			
Advertisement	34,595	28,287	32,625	26,724
Donations	14,261	10,942	13,268	10,088
Exhibition and demonstration Expenses	682	432	434	432
Grants	35,779	32,560	35,779	32,650
Sub total	85,317	72,221	82,106	69,894
Staff cost	2,375	2,587	2,375	2,587
Professional expenses	2,243	1,913	21,645	19,827
Not deductible V.A.T.	3,193	2,965	-	-
Other distribution expenses	2,777	1,181	2,721	1,084
Sub total	10,588	8,646	26,741	23,498
Total Distribution Expenses	95,905	80,867	108,847	93,392

11.26 Other operating expenses

The analysis of other operating expenses, is as follows:

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
	(Amounts in thousand euro)			
Exchange differences	1,492	133	1,492	133
Retroactive payments to personnel	8,123	213	8,123	213
Prior year expenses	1,294	1,640	1,290	1,640
Provisions	-	301	-	301
Total	10,909	2,287	10,905	2,287

The amount of € 7,827 thousand that refers to differences in salary payments for the period starting at 1/1/1998 until 31/12/2005, is included in other operating expenses of the Group and the parent company. The amount is analyzed as follows:

- a) the amount of € 2,137 thousand, refers to differences in salary payments of permanent personnel, for the period starting at 1998 until 1999, in accordance with the BoD decision N. 21/17.5.2006 and
- b) the amount of € 5,690 thousand, refers to differences in salary payments of permanent personnel, for the period starting at 1/1/2000 until 31/12/2005, in accordance with the BoD decision N. 24/8.6.2006

11.27 Impairment of assets

Impairment of Group's assets

The Group, in the previous year recognized an impairment loss of goodwill of € 7,550,000 from the investment in the associated company GLORY TECHNOLOGY LTD. The recoverable amount is based on the valuation of an independent firm and constitutes

the investment value in use. The weighted average cost of capital used in order to calculate the discounted cash flows was 10.88%.

Past year's significant losses were the main reason that led to an impairment loss recognition. During the current year no new valuation of an independent firm took place as the financial statements provide evidence that no extra impairment loss should be recognised.

The impairment loss is analyzed as follows:

	Assets' value	Goodwill	Total
(Amounts in thousand euro)			
Allocation of acquisition cost of Glory Technology	7	9,993	10,000
Amortization of goodwill	-	(1,249)	(1,249)
Recognition of losses	(7)		(7)
Balance as at, 31 st December 2005	-	8,744	8,744
Company value (20%)	-	-	1,194
Impairment loss			7,550

The management of the company will examine the evaluation assertions of the model on an annual basis.

Impairment of Company's assets

The company, in the previous year, recognized an impairment loss of investments in subsidiaries and associates amounting to € 10,100,000. The impairment loss is analyzed in € 8,800,000 from the investment in the associated company GLORY TECHNOLOGY LTD and an amount of € 1,300,000 concerning the investment in the subsidiary company OPAP GLORY LTD. The recoverable amount is based on a valuation made by an independent firm and constitutes the investment value in use. The cash flows discount was calculated by the weighted average cost of capital that came up to 10.88% while growth has been estimated to 3% after the five years period.

According to the study that took place in the current year, no extra impairment loss should be recognised. The weighted average cost of capital used in order to calculate current's year discounted cash flows was 11.88%.

In order to estimate future cash flows a basic assumption was made, that the existing status of betting games taxation in the Cypriot market is expected to change.

According to the current state, a tax of 25% is calculated over the value of the ticket, while with the revised status, a tax of 15% over the tickets already won is imposed. Under the new status, the growth of the legal market is estimated at 53% for 2007, 52% for 2008, 20% for 2009, 5% for 2010 and 5% for 2011.

The assumption for the change of the tax status in the Cypriot market is based on the law plan processed by the relevant departments of the Ministry of Finance and will be promoted in the Cypriot Parliament until June 2007.

During the current year no new evaluation of an independent firm took place for the associate company Glory Technology Ltd as the financial statements of 2006 and the evaluation that took place in 2005, provide evidence that no extra impairment loss should be recognised.

The impairment loss is analyzed as follows:

	Book Value OPAP GLORY	Book Value GLORY TECHNOLOGY	Total
(Amounts in thousand euro)			
Book Value 31/12/2005	16,000	10,000	26,000
Company Value	16,340	6,000	22,340
Value proportion (%)	90%	20%	-
Value portion	14,700	1,200	15,900
Impairment Value	1,300	8,800	10,100

The management of the company examine the evaluation assertions of the model on an annual basis.

11.28 Financial Results, net

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
(Amounts in thousand euro)				
Interest expense from bank borrowings	(924)	(1,474)	(896)	(1,390)
Interest income				
Bank deposits	13,343	11,904	12,501	10,716
Personnel loans	249	124	249	124
Other interest income	261	200	261	200
Total interest income	13,853	12,228	13,011	11,040
Net Financial results	12,929	10,754	12,115	9,650

The weighted average interest rate on the borrowings of the Group was 4.08% in 2006, and 4.70% in 2005. The average interest rate earned on short-term bank deposits was 2.95% in 2006 and 2.10% in 2005.

11.29 Income and deferred tax

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
	(Amounts in thousand euro)			
Income tax expense	-	-	(211,902)	(235,998)
From domestic activities	(211,925)	(233,596)	-	-
From foreign activities	(355)	(340)	-	-
Total	(212,280)	(233,936)	-	-
Deferred taxes	(3,436)	(1,183)	(538)	4,952
Total tax expense	(215,716)	(235,119)	(212,440)	(231,046)

The income tax payable was calculated with a rate of 29% (32% in 2005). The company's tax on profit before tax is different from the theoretical amount arising based on the company's effective tax rate.

The reconciliation of income tax is as follows:

Year ended December 31 st ,	GROUP	
	2006	2005
	(Amounts in thousand euro)	
Profit before tax	725,517	693,418
Profit according to the tax coefficient of 29% (32% in 2005)	(210,400)	(221,894)
Tax effect from expenses that are not tax deductible	(2,170)	(7,145)
Tax effect from the use of different tax coefficients in the profit of subsidiaries in other countries	358	341
Current tax expense	(212,212)	(228,698)
Adjustments due to prior years' tax inspections	(3,504)	(6,421)
Income tax expense	(215,716)	(235,119)

Year ended December 31 st ,	COMPANY	
	2006	2005
	(Amounts in thousand euro)	
Profit before tax	713,533	674,769
Profit according to the tax coefficient of 29% (32% in 2005)	(206,925)	(215,926)
Tax effect from expenses that are not tax deductible	(3,629)	(8,699)
Tax effect from revenues that are tax deductible	1,618	
Current tax expense	(208,936)	(224,625)
Adjustments due to prior years' tax inspections	(3,504)	(6,421)
Income tax expense	(212,440)	(231,046)

11.30 Earnings per Share

Basic earnings per share are calculated as follows:

As at December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
Net profit attributable to the shareholders of the company (in thousand of €)	509,807	458,320	501,093	443,723
Weighted average number of ordinary shares	319,000,000	319,000,000	319,000,000	319,000,000
Basic earnings per share	1.60	1.44	1.57	1.39

The Group has no dilutive potential categories.

11.31 Personnel Costs

Personnel costs of the Group and the Company are analyzed as follows:

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
(Amounts in thousand euro)				
Employee remuneration	31,235	26,172	29,669	24,716
Social security costs	5,071	4,799	4,903	4,651
Retirement benefit costs	2,643	2,358	2,643	2,358
Other remuneration	2,799	1,872	2,702	1,836
Total personnel costs	41,748	35,201	39,917	33,561

The average number of the Group's and the Company's personnel is analyzed as follows:

Year ended December 31 st ,	GROUP		COMPANY	
	2006	2005	2006	2005
Full-time employees	316	337	269	290
Part-time personnel	497	440	495	434
Total	813	777	764	724

11.32 Related party disclosures

The term related parties includes not only Group's companies but also companies whereas the parent participate with a significant percentage in their share capital, companies that belong to parent's main shareholders, companies controlled by members of the BoD or key management personnel, as well as, close members of their family.

Group's and company's sales and purchases for the current period as also year end balances of receivables and payables that have arisen from related parties' transactions, as these defined by IAS 24, as well as their comparatives for the previous year are analyzed as follows:

(Amounts in thousand euro)	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Sales of goods and services				
Parent	0	0	0	0
Subsidiaries	0	0	9,958	9,421
Associates	0	0	0	0
Board of directors and key management personnel	0	0	0	0
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	0	0	9,958	9,421

(Amounts in thousand euro)	GROUP		COMPANY	
Purchases of goods and services				
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Parent	0	0	0	0
Subsidiaries	0	0	17,242	15,828
Associates	786	761	0	0
Board of directors and key management personnel	0	0	0	0
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	786	761	17,242	15,828

(Amounts in thousand euro)	GROUP		COMPANY	
Receivables				
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Parent	0	0	0	0
Subsidiaries	0	0	3,271	2,354
Associates	0	0	0	0
Board of directors and key management personnel	0	0	0	0
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	0	0	3,271	2,354

(Amounts in thousand euro)	GROUP		COMPANY	
Payables				
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Parent	0	0	0	0
Subsidiaries	0	0	20,433	9,522
Associates	172	213	0	0
Board of directors and key management personnel	0	0	0	0
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	172	213	20,433	9,522

1. The subsidiary OPAP (Cyprus) LTD pays 10% of its revenues to the parent company, according to the last interstate agreement effective from January 1st,2003. This fee amounted to € 9,917 thousand during the current period (2005: € 9,251 thousand). The parent Company sold paper to its subsidiary which amounted to € 41 thousand (2005: € 170 thousand). The outstanding balance due to the company, as at December 31st 2006 was € 3,271 thousand (2005: € 2,354 thousand).

2. The parent company during the year 2006, paid:

a) to its subsidiary OPAP Services S.A. the amount of € 16,808 thousand (2005: € 15,828 thousand). This amount refers to a) 1% of its total revenues gained from the game Kino. This amount will be used for the improvement of the agent's outlets

(equipment, design etc), b) a 5% of the aforementioned 1% as management fee, c) expenses relevant to the operations of the subsidiary. The relevant fees are a result of the contract signed between these two companies and the expenses are in accordance with the decisions 2/13.1.2005 and 42/11.10.2006 of OPAP's BoD. The outstanding balance as at December 31st, 2006 was € 20,001 thousand (2005: € 9,522 thousand).

- b) to its subsidiary OPAP INTERNATIONAL LTD the amount of € 434 thousand (2005: € 0 thousand), that refers to fees for research and studies made in Cypriot market for OPAP's games. The outstanding balance as at December 31st, 2006 was € 432 thousand (2005: € 0 thousand).
3. The subsidiary OPAP GLORY LTD during the year 2006 paid the amount of € 786 thousand (2005: 761 thousand) to the associate GLORY TECHNOLOGY LTD, as fees for the management of the on line UGS system and management fees. The outstanding balance as at December 31st, 2006 was € 172 thousand (2005: € 213 thousand).
4. The subsidiary OPAP INTERNATIONAL LTD paid to OPAP CYPRUS S.A. the amount of € 19 thousand (2005: € 18 thousand) for rent, electricity and telecommunication expenses. The outstanding balance as at December 31st, 2006 was € 2 thousand (2005: € 3 thousand).

(Amounts in thousand euro)	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<u>Management's remuneration and Board of directors' compensation</u>				
Parent	0	0	0	0
Subsidiaries	0	0	0	0
Associates	0	0	0	0
Board of directors and key management personnel	9,526	5,269	7,801	3,688
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	9,526	5,269	7,801	3,688

The remuneration of the BoD and key management's personnel of the Group, is analyzed as follows:

- a) Group's BoD compensation , amounted to € 2,399 thousand for the year 2006 and € 1,887 thousand for the year 2005,
- b) Group's key management's personnel remuneration amounted to € 7,127 thousand for the year 2006 and € 3,382 thousand for the year 2005.

The remuneration of the BoD and key management's personnel of the Company, is analyzed as follows:

- a) Company's BoD compensation, amounted to € 1,432 thousand for the year 2006 and € 885 thousand for the year 2005,
- b) Company's key management's personnel remuneration amounted to € 6,369 thousand for the year 2006 and € 2,803 thousand for the year 2005.

(Amounts in thousand euro)	GROUP		COMPANY	
<u>Due from related parties</u>	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Parent	0	0	0	0
Subsidiaries	0	0	0	0
Associates	0	0	0	0
Board of directors and key management personnel	2,774	1,325	2,769	1,321
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	2,774	1,325	2,769	1,321

Group's and company's receivables from related parties refer mainly to prepayments of retirement benefits and housing loans that have been distributed to key management personnel in accordance with the Company's collective employment agreement (see note 7.8) and analysed as follows:

- a) balance of General Directors' and parent company's Directors' housing loans amounted to € 451 thousand for the year 2006 and € 354 thousand for the year 2005,
- b) balance of General Directors' and parent company's Directors' prepayments of retirement benefits amounted to € 2,318 thousand for the year 2006 and € 967 thousand for the year 2005,
- c) balance of OPAP CYPRUS LTD Directors' housing loans amounted to € 1 thousand for the year 2006 and € 4 thousand for the year 2005 and
- d) balance of OPAP International LTD Directors' prepayments of remuneration amounted to € 4 thousand for the year 2006

(Amounts in thousand euro)	GROUP		COMPANY	
<u>Balances at the end of the year from management's remuneration and Board of directors' compensation</u>	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Parent	0	0	0	0
Subsidiaries	0	0	0	0
Associates	0	0	0	0
Board of directors and key management personnel	2,922	1,001	2,922	1,001
Joint Ventures	0	0	0	0
Other related parties	0	0	0	0
Total	2,922	1,001	2,922	1,001



Group's and company's balances from management's remuneration and Board of directors' compensation refers to:

- a) Board of Directors' remuneration and compensation amounted to € 324 thousand for the year 2006 and € 78 thousand for the year 2005
- b) Key management's personnel remuneration and compensation amounted to € 2,598 thousand for the year 2006 and € 923 thousand for the year 2005.

All the above inter-corporate transactions and balances have been eliminated in the consolidated financial statements. Except for the amounts presented above, there are no other transactions or balances between related parties.

11.33 Other disclosures

Contingent liabilities

The fiscal years that have not been inspected by the tax authorities for each of the Group's companies are as follows:

COMPANY'S NAME	FISCAL YEARS NOT INSPECTED BY TAX AUTHORITIES
OPAP S.A.	2006
OPAP (CYPRUS) LTD	2003 - 2006
OPAP GLORY LTD	2002 - 2006
OPAP INTERNATIONAL LTD	2004 - 2006
OPAP SERVICES S.A.	2005 - 2006
Glory Technology Ltd	2002 - 2006

Liabilities for untoward events:

There are no material claims by third parties against the company with the exception of those set forth in a letter by the legal office, which pertain to the following:

- a) lawsuits filed by third parties requested an amount of € 29,493,763, the outcome of which is expected to be in favour of the Company according to legal office,
- b) lawsuits from part-time personnel toward dispute of productivity bonus request an amount of € 1,004,584. According to legal office, the possibility of the lawsuit being accepted by the Court amounts to about 30%. A corresponding provision was made for the aforementioned amount in the year 2005, burdening the results (other operating expenses) with the amount of € 301,000,
- c) lawsuits filed by agents requesting an amount of € 633,000. According to legal office, the possibility of favourable acceptance of the above lawsuits is limited,
- d) lawsuit for moral damage amounting to € 3,675,163. According to legal office, the possibility of favourable acceptance of the above lawsuits is limited,



e) lawsuit by a Stihima player requesting compensation amounting to € 3,668,378.

According to the legal advisor, the case has limited possibilities to be unfavourable for the company. In the extreme situation where the outcome is negative, the compensation must be paid by the operator of Stihima.

Commitments

Contracts for operating Stihima:

The Company has entered into arrangement with operator of Stihima, granting it the exclusive right to operate certain elements of Stihima for 7 years, commencing from 1999. Under the terms of this agreement, the contractor selects the betting events, sets the odds, prints the tickets, carries out advertisement, monitors the operation of Stihima and is responsible for the risk management of Stihima. All future fixed odds and non-fixed odds betting games are also expected to be operated by the same contractor, under the agreement, including athletics, horseracing (non-domestic) and greyhound racing. Notwithstanding these agreements, the Company retains the exclusive management of the games and participates actively in many tasks related to their operation. In addition, the contractor trains the Company's staff in all matters relating to the operation of Stihima, as required under the terms of the agreement.

On 25/6/2005, OPAP S.A. proceeded to partial revision of its contract on the conduct of Stihima with the operator. The revision is due retrospectively from 30/1/2005 and the major changes refer to: a) increase in returns to the winners that the Contractor company guarantees, b) The date of the clearance that will come by the completion of the contract concerning the period between January 30th, 2005 and January 29th, 2007 and c) The introduction of Greek conduct of "Stihima" game.

Following the expiry of the two year contract with the operator of «Stihima» on January 29th, 2007, OPAP S.A. undertook the autonomous management, conduct, organization and operation of the "STIHIMA" game. In the frame of undertaking the organization and operation of the game, the Parent Company on 2/11/2006 agreed with INTPALOT S.A. upon: a) transfer of technical expertise, b) provision and installation (at OPAP S.A. headquarters) of the total complex of technological structure as well as the professional staff training on its functioning, c) provision of 3,500 terminal devices for the agencies and d) provision of maintenance services – technical support of technological structure. The total cost will come to an amount of € 65 million plus VAT.

Other commitments undertaken by the company are as follows:

a) Obligation for the supply of printing paper and coupons.

O.P.A.P. S.A. has signed contracts for the purchase of paper for printing coupons for games and a contract for the purchase of paper coupons for specific games.

b) Maintenance – Technical Support of information technology systems.

The central data processing system is maintained by operator company pursuant to Agreements periodically entered into (the major ones being those in 1997 and 2005). Under the aforementioned agreements, the operator is required to provide and maintain hardware, central system software of all OPAP S.A. games, the LOTOS (Lottery Operating System) lottery software platform which was developed by the Operator, agency terminals, and to develop operational procedures relating to the data processing system. The term of the agreement varies with the service provided.

c) Development and Maintenance of ERP software

The Operator has undertaken the obligation to provide and maintain ERP related to management and financial services. The project is at the last realization stage and maintenance is extended to a period of five years following the final delivery realization.

d) Contracts for operating Stihima in Cyprus:

On April 2nd 2003, Glory Leisure Ltd (OPAP’s subsidiary since October 1st, 2003) signed an agreement with Glory Technology Limited regarding the use rights of UGS (Universal Game System INTERGRATED TURN-KEY SOLUTION) system of Glory Technology Ltd which automate the on line betting operation. The duration of the agreement is seven years with the right of three years renewal. The annual charge for the use of the system is calculated at 5% of the total annual turnover (plus value – added tax). An annual fee for the service of maintenance that Glory Technology Ltd will provide was also agreed upon. The maintenance fee is 14 % (plus value –added tax) of the annual use charge.

e) As at December 31st, 2006, OPAP S.A. is a party to an operating leasing agreement relating to transporting vehicles. Future minimum payments under this agreement are as follows:

	31/12/2006	31/12/2005
Less than 1 year	746	746
From 1 to 5 years	281	1,000
More than 5 years	-	-

Leases for transporting vehicles, that haven been charged to the P&L accounts, ammounted to €718 thousands (2005: €744 thousands).

f) As at December 31st, 2006, OPAP S.A. is a party to an operating lease agreement, relating to administration building. Future minimum payments under this agreement are as follows:

	31/12/2006	31/12/2005
Less than 1 year	4,254	3,779
From 1 to 5 years	4,723	7,283
More than 5 years	-	-

The administration building leases, that haven been charged to the P&L accounts, amounted to €3,056 thousands (2005: €2,949 thousands)

g) The future minimum payments for the Group's financial leasing are as follows:

GROUP				
The future minimum lease payments at 31st December 2006	(Amounts in thousand euro)			
	< 1 year	1<5 years	>5 years	Total
Future lease payments	18	62	0	80
Finance charge	(2)	(5)	0	(7)
Present value	16	57	0	73

The future minimum lease payments at 31st December 2005	(Amounts in thousand euro)			
	< 1 year	1<5 years	>5 years	Total
Future lease payments	0	0	0	0
Finance charge	0	0	0	0
Present value	0	0	0	0

and the company respectively,

COMPANY				
The future minimum lease payments at 31st December 2006	(Amounts in thousand euro)			
	< 1 year	1<5 years	>5 years	Total
Future lease payments	18	62	0	80
Finance charge	(2)	(5)	0	(7)
Present value	16	57	0	73

The future minimum lease payments at 31st December 2005	(Amounts in thousand euro)			
	< 1 year	1<5 years	>5 years	Total
Future lease payments	0	0	0	0
Finance charge	0	0	0	0
Present value	0	0	0	0

11.34 Financial risk factors

We state the risks to which the group is exposed.

Price risk

The revenues from games have fixed prices and no changes are expected.

Exchange risk

The Group operates abroad. Nevertheless it faces no substantial exchange risk, because cash and cash equivalents from foreign operations (particularly in Cyprus), are sufficient to cover its operational needs, and therefore, no currency exchange transaction is required.

Credit risk

The Group has no important accumulations of credit risk. The sales occur via an extended network of agents. The average time of accumulating receivables is approximately three days. Also, the company applies particular policies of credit risk management, the most important of which, is the establishment of the debit balance per agent, which should not be exceeded.

Liquidity Risk

The method of profit distribution to the winners of the betting games, secures the sufficiency of cash and cash equivalents, preserving the liquidity risk at low levels: The contract of the company with the operator of the "PAME STIHIMA" game includes a risk management engagement. In case the payout to the winners is higher than the profit distribution objective, the operator pays the difference to the company. The maximum profit distribution percentage is 69.39%.

KINO, a predefined return game, statistically distributes the 70% of the net receivables to the winners. It is however possible at the game lotteries, that the distributable profit exceed or are less than the amount above. During the whole duration of the specific game however, (cumulatively but also in the periods of three-day account renderings), the returns range around the average objective. Lottery tickets of pre-specified return-SUPER 3 and EXTRA 5- possess a small percentage of the total sales of the Group, and as for this, they do not affect its liquidity significantly enough.

Other games and particularly PROPO, PROPOGOAL, LOTTO, JOKER and PROTO, have a particular profit distribution percentage that should not be exceeded.

Cash flows risk and fair value change risk due to interest changes

On 29/12/2006, the Group's paid off the low rate loan balances and the results could not substantially be affected by the interest rate fluctuations. At the expiration of the accounting period, the total borrowings constituted floating interest rate loans.

11.35 Subsequent events

1. On 29/1/2007, there was completed a two year period (30/1/2005-29/1/2007) concerning the conduct of Stihima (in Greece) based on 25/6/2005 partial revision of the contract between OPAP S.A. and the Operator.

In accordance with the two year private agreement, in case the returns to the winners of the particular game exceed the target return (including total undistributed – written off gains and undistributed returns) over the total revenue, the Operator is to deposit to OPAP S.A. the exceeding amount.

The final amount was provisionally settled in the end of January 2007 and the asset was formed at € 24,910,000 plus VAT, a substantial part of which has been deposited by the Operator to OPAP S.A. The final amount will be finalized following the distribution of future gains (after January 29th, 2007), that refer to contractual period bets and the latter undistributed – written off gains and undistributed returns.

2. There was disclosed to OPAP S.A. the 31/1/2007 lawsuit of the company under the title «GLORY WORLDWIDE HOLDINGS LTD», against our company, in which, following the interpretation of the corresponding term of the 1st amending act of as at 7/6/2003 share transfer agreement, it is demanded that: 1) the Court should acknowledge the commitment of our company arising from the one part statement of the claimer for the balance of 10% that the claimer holds in the subsidiary of OPAP GLORY LTD, that, according to its opinion, was established following its registered letter as of 27/6/2006 in accordance with Article 14 of 23/7/2003 First Amending Act and 2) the Court should oblige our company to deposit to the claimer the agreed-upon amount of € 1,800,000. The case is at legal procedures stage, so that the hearing date could be defined. According to legal office, the possibility of favourable acceptance of the above lawsuits is limited.

There are no other material events subsequent for the period ended December 31st, 2006.