



**CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2005, AND 2004**

(ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS)

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## **REVIEW REPORT**

### **for the Period Ended March 31, 2005 To the Shareholders of OPAP S.A. and its subsidiaries**


We have reviewed the accompanying interim financial statements, as well as the consolidated financial statements, of the Societe Anonyme "OPAP S.A.", as of and for the three month periods ended 31 March 2005. These interim financial statements are the responsibility of the Company's management. We conducted our review in accordance with the Greek Review Standard, which is based on the International Standard on Review Engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements, as well as the consolidated financial statements, are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements, as well as the consolidated financial statements, do not give a true and fair view in accordance with the International Financial Reporting Standards that have been adopted by the European Union. Without expressing any reservation on the conclusions of the review, we would like to bring to your attention that income tax returns for the years 2003, 2004 and the first quarter of 2005 have not been inspected by the tax authorities and consequently it is possible that additional taxes and increments be imposed when those tax returns are finally inspected and finalized. The outcome of the tax inspection can not be predicted at this stage and therefore no relevant provision has been made in the financial statements.

**Athens, May 9<sup>th</sup> 2005**

The Chartered Accountants


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## FINANCIAL STATEMENTS

### OPAP S.A.

#### Consolidated Income Statements

#### For the Three-month Periods Ended March 31, 2005 and 2004

(Thousands of Euro, except for per share amounts)

	Notes	2005	2004
Revenues from games	D	880,775	695,205
Cost of sales	E	(680,391)	(534,676)
<b>Gross profit</b>		<b>200,384</b>	<b>160,529</b>
Other operating income		1,216	1,029
Distribution costs		(16,627)	(14,555)
Administrative expenses		(8,325)	(8,410)
Other operating expenses		(225)	(723)
Income from provisions	F/I	-	148,012
Income from associates		-	9
Amortization of goodwill	Bii	-	(606)
<b>Profit from operations</b>		<b>176,423</b>	<b>285,285</b>
Net financing income		2,422	1,019
<b>Profit before tax</b>		<b>178,845</b>	<b>286,304</b>
Tax expense		(57,399)	(89,218)
Deferred taxes		(507)	(13,435)
<b>Profit after tax</b>		<b>120,939</b>	<b>183,651</b>
Attributable to Minority interest		(5)	12
<b>Attributable to Shareholders of OPAP</b>		<b>120,934</b>	<b>183,663</b>
Basic earnings per share		<b>0.38</b>	<b>0.58</b>



**OPAP S.A.**  
**Consolidated Balance Sheets**  
**as at March 31, 2005 and December 31, 2004**  
(Thousands of Euro)

	Notes	2005	2004
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		605,368	423,567
Inventories		324	482
Trade receivables		38,557	36,381
Other current assets		214,692	227,967
<b>Total current assets</b>		<b>858,941</b>	<b>688,397</b>
<b>Non - current assets</b>			
Intangible assets		240,544	244,704
Property, plant and equipment		39,138	40,350
Goodwill		21,196	21,196
Investment in associates		338	338
Other receivables		11,585	11,526
Deferred tax assets		6,031	6,538
<b>Total non-current assets</b>		<b>318,832</b>	<b>324,652</b>
<b>TOTAL ASSETS</b>		<b>1,177,773</b>	<b>1,013,049</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Borrowings		19,667	21,574
Trade and other payables		95,487	117,179
Taxes payable		403,546	340,771
Accrued liabilities		9,515	4,858
<b>Total current liabilities</b>		<b>528,215</b>	<b>484,382</b>
Borrowings		25,345	25,345
Employee benefit plans		23,446	23,369
Other non-current liabilities		5,243	5,277
<b>Total non-current liabilities</b>		<b>54,034</b>	<b>53,991</b>
<b>Equity attributable to shareholders of OPAP</b>			
Issued capital		95,700	95,700
Reserves		43,700	43,700
Dividends proposed		296,670	296,670
Exchange differences		(50)	41
Retained earnings		159,338	38,404
		<b>595,358</b>	<b>474,515</b>
Minority Interest		166	161
<b>Total equity</b>		<b>595,524</b>	<b>474,676</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>1,177,773</b>	<b>1,013,049</b>

**OPAP S.A.**  
**Consolidated Cash Flow Statements**  
**For the Three-month Periods Ended March 31, 2005 and 2004**  
(Thousands of Euro)

		<b>2005</b>	<b>2004</b>
<b>OPERATING ACTIVITIES</b>			
Profit Before tax		178,845	286,304
<b>Adjustments for:</b>			
Depreciation & Amortization		5,898	7,271
Net financing income		(2,422)	(1,019)
Employee Benefit Plans		77	363
Provisions for bad debts		920	900
Released provisions for contingent liabilities		-	(148,012)
Other non cash items		(164)	(316)
		<b>183,154</b>	<b>145,491</b>
<b>Changes in working capital</b>			
Increase (Decrease) in inventories		158	30
Increase (Decrease) in trade & other receivable		7,439	1,169
Increase (Decrease) in payables		(8,857)	41,606
Increase (Decrease) in taxes payables		5,725	(1,924)
		<b>187,619</b>	<b>186,372</b>
Interest paid		(414)	(742)
<b>Cash flow from operating activities</b>		<b>187,205</b>	<b>185,630</b>
<b>INVESTING ACTIVITIES</b>			
Loans granted to personnel		202	(528)
Purchase of plant and equipment		(7,420)	(10,289)
Purchase of intangible assets		(237)	(691)
Interest received		2,836	1,760
Guarantees		(3)	-
Proceeds from sale of plant and equipment		-	106
<b>Cash flow from investing activities</b>		<b>(4,622)</b>	<b>(9,642)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends return (paid)		1,126	(2,096)
Repayment of borrowings		(1,908)	(1,908)
<b>Cash flow used in financing activities</b>		<b>(782)</b>	<b>(4,004)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>181,801</b>	<b>171,984</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>423,567</b>	<b>294,806</b>
<b>Cash and Cash equivalents at end of period</b>		<b>605,368</b>	<b>466,790</b>

**OPAP S.A.**  
**Consolidated Statement of Changes in Net Equity**  
**For the Three-month Periods Ended March 31, 2005 and 2004**  
(Thousands of Euro)

Equity attributable to equity holders of OPAP							
	Share Capital	Exchange Differences	Other Reserves	Dividends Proposed	Retained Earnings	Minority Interest	Total
<b>Balance as at December 31. 2003</b>	<b>95,700</b>	<b>(12)</b>	<b>43,060</b>	<b>137,170</b>	<b>5,531</b>	<b>252</b>	<b>281,701</b>
<b>Net profit for the period</b>	-	-	-	-	183,663	-	<b>183,663</b>
Exchange differences	-	(51)	-	-	-	-	<b>(51)</b>
Minority	-	-	-	-	-	(12)	<b>(12)</b>
Dividends proposed	-	-	-	(137,170)	-	-	<b>(137,170)</b>
<b>Balance as at March 31. 2004</b>	<b>95,700</b>	<b>(63)</b>	<b>43,060</b>	<b>0,00</b>	<b>189,194</b>	<b>240</b>	<b>328,131</b>
<b>Balance as at December 31. 2004</b>	<b>95,700</b>	<b>41</b>	<b>43,700</b>	<b>296,670</b>	<b>38,404</b>	<b>161</b>	<b>474,676</b>
<b>Net profit for the period</b>	-	-	-	-	<b>120,934</b>	-	<b>120,934</b>
Exchange differences	-	(91)	-	-	-	-	<b>(91)</b>
Minority interest	-	-	-	-	-	5	<b>5</b>
<b>Balance as at March 31. 2005</b>	<b>95,700</b>	<b>(50)</b>	<b>43,700</b>	<b>296,670</b>	<b>159,338</b>	<b>166</b>	<b>595,524</b>

## **OPAP S.A.**

### **Notes to Financial Statements**

#### **General Information**

OPAP S.A. was established as a private legal entity in 1958.

OPAP S.A. was reorganized as a société anonyme in 1999 and its accounting as such began in 2000.

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 the sole concession to operate and manage any new games permitted and regulated by the Hellenic Republic.

The Group 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*). *Kino* was introduced in late November 2003. It has also designed two new lottery games (*Bingo*, and *Super 4*). It distributes its games through an extensive on-line network of approximately 5,400 dedicated agents.

#### **A. Basis of Preparation**

The interim financial statements for the period ended as at March 31, 2005 have been prepared in accordance with International Financial Reporting Standards (and in particular International Accounting Standard No. 34), using the historical cost convention.

#### **B. Accounting Policies**

The same accounting policies and methods of computation are followed in the interim financial statements as have been used in preparing the audited annual financial statements for the period ended as at December 31, 2004 (the "Annual Financial Statements), except for the accounting policies discussed below.

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 1 January 2005.

#### **Bi. Adoption of IAS 1 (rev 2003)**

The application of IAS 1 (rev 2003) led to an update of the presentation of financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to owners of the parent company is now presented as an allocation of the net result of the period.



### **Bii. Adoption of IFRS 3 (rev 2004)**

Following the transition to IFRS 3 (2004) on 1 January 2005, the amortisation of goodwill has ceased. In accordance with the specific transitional provisions of IFRS 3 (2004), the accumulated amortisation at 31 December, 2004 was eliminated against the original gross amount of goodwill. Goodwill is now subject only to periodic testing for impairment.

### **C. Seasonality**

Under International Financial Reporting Standards, the Company's operations are not affected by seasonality or cyclical factors, except for operations relating to *Stihima*, for which the sales increase in connection with significant sports events, such as the European or World Cup.

## D. Segment Information

Business Segments For the Period Ended March 31, 2005

	<u>PROPO</u>	<u>LOTTO</u>	<u>PROPO GOAL</u>	<u>PROTO</u>	<u>JOKER</u>	<u>STIHIMA</u>	<u>EXTRA 5</u>	<u>SUPER 3</u>	<u>KINO</u>	<u>TOTAL</u>
<i>(Thousands of Euro)</i>										
<b>Revenues</b>	25,512	15,486	388	10,849	57,944	300,504	5,704	18,791	445,597	<b>880,775</b>
<b>Gross profit</b>	8,990	6,875	66	3,347	20,296	58,420	1,388	5,789	95,213	<b>200,384</b>
Other information :										
Tangible and Intangible Assets	8,101	4,917	123	3,445	18,400	95,422	1,812	5,967	141,495	<b>279,682</b>
Current Assets	24,879	15,102	378	10,580	56,507	293,055	5,564	18,325	434,551	<b>858,941</b>
Segment Assets	32,980	20,019	501	14,025	74,907	388,477	7,376	24,292	576,046	<b>1.138.623</b>
Unallocated Assets										<b>39,150</b>
<b>TOTAL ASSETS</b>										<b>1,177,773</b>
Segment Liabilities	4,497	2,730	68	1,912	10,214	52,971	1,006	3,312	78,546	<b>155,256</b>
Unallocated Liabilities										<b>426,993</b>
<b>TOTAL LIABILITIES</b>										<b>582,249</b>
Additions of tangible and intangible assets	16	9	1	8	35	183	3	11	272	<b>538</b>
Depreciation and amortization	171	104	3	73	388	2,011	38	126	2,984	<b>5,898</b>

## Business Segments For the Period Ended March 31, 2004

	<u>PROPO</u>	<u>LOTTO</u>	<u>PROPO GOAL</u>	<u>PROTO</u>	<u>JOKER</u>	<u>STIHIMA</u>	<u>EXTRA 5</u>	<u>SUPER 3</u>	<u>KINO</u>	<u>TOTAL</u>
<i>(Thousands of Euro)</i>										
<b>Revenues</b>	26,282	17,043	547	13,191	84,878	416,408	11,377	39,095	86,384	<b>695,205</b>
<b>Gross profit</b>	9,426	7,511	194	4,035	29,282	79,052	4,036	11,633	15,360	<b>160,529</b>
Other information:										
Tangible and intangible assets	10,958	7,106	228	5,500	35,388	173,612	4,743	16,299	36,016	<b>289,850</b>
Current assets	24,288	15,750	506	12,190	78,440	384,823	10,514	36,130	79,831	<b>642,472</b>
Segment assets	35,246	22,856	734	17,690	113,828	558,435	15,257	52,429	115,847	<b>932,322</b>
Unallocated assets										<b>40,809</b>
<b>TOTAL ASSETS</b>										<b>973,131</b>
Segment liabilities	13,852	8,983	288	6,952	44,735	219,469	5,997	20,605	45,529	<b>366,410</b>
Unallocated liabilities										<b>278,590</b>
<b>TOTAL LIABILITIES</b>										<b>645,000</b>
Additions of tangible and intangible assets	415	269	9	208	1,341	6,577	180	617	1,364	<b>10,980</b>
Depreciation and amortization	275	178	6	138	888	4,355	119	409	903	<b>7,271</b>

There are no sales transactions between the 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 other non-current assets, deferred tax assets, goodwill and investments in associates.

Segment liabilities comprise operating liabilities and exclude items such as taxation, employee benefit plans and provisions.

A portion of cost of sales has been allocated to each business segment according to the revenues of that business segment.

## E. Cost of sales

The analysis of cost of sales, classified by type of expenses, is as follows:

Three Month Period Ending March 31,	2005	2004
(Thousands of euro)		
Prize payouts to lottery and betting winners	554,670	405,982
Lottery agents' commissions	70,965	60,932
Betting Commissions	32,302	43,874
Depreciation	1,290	1,771
Amortization	4,059	4,207
Repairs and maintenance expenditures	1,847	1,597
Third party outsourcing	2,641	3,351
Greek Professional Football Teams Association	2,390	2,368
Staff cost	3,364	3,105
Other expenses	5,628	6,390
Provisions for bad debtors	920	900
Retirement benefit costs	315	199
<b>Total cost of sales</b>	<b>680,391</b>	<b>534,676</b>

## F. Income from provisions

During the three month period ended March 31, 2004, the parent company, based on Decision 953/2004 of the Athens Court, recognized the reversal of the accumulated provision of €148,012,000 that had been recognized by the Company through December 31, 2003, based on the 2/21.3.2003 decision of the Arbitration Court, pursuant to which the company would have been obligated to pay to INTRALOT S.A. an amount of €36,900,000 for every year that it didn't include horserace and greyhound race betting as additional *Stihima* betting events.

## G. Other Information

- No share capital has been issued during the periods presented.
- No mergers or acquisitions have taken place during the periods presented.
- No loss from the impairment of property, plant and equipment and intangible assets has taken place during the periods presented.

## H. Subsequent Events

There have not been any material events subsequent to the end of the interim period ended March 31, 2005.

## I. Commitments and Contingencies

OPAP S.A. has signed a contract with INTRALOT S.A., in relation to the operation of certain parts of *Stihima*. The contract signed by OPAP S.A. and INTRALOT S.A.

specifies that the betting coupon will include a variety of betting events including absolute-fixed odds and variable-fixed odds betting games.

INTRALOT S.A. requested compensation from the Company for damages due to the Company's failure to introduce horse and greyhound race betting games.

The Company and INTRALOT S.A. sought to resolve the dispute through arbitration. A three-member Arbitration Court issued a decision granting INTRALOT S.A., in relation to the operation of certain parts of *Stihima*, the amount of €36,900,000 for every year that the commencement of the horse and greyhound racing betting was delayed after March 29, 2001, until horse and greyhound race betting began to operate or until the relevant contract expires (January, 28, 2007).

Regarding the above decision OPAP S.A. requested from the Athens Court of Appeal the rescission of the decision. The Appeal was heard by the Court on October 7<sup>th</sup>, 2003 which thereafter issued a decision favorable to the company.

INTRALOT S.A. has appealed against the Athens Court's decision, to the Supreme Court and a hearing is scheduled for October 24, 2005.

The Company's management believes that it is not probable that INTRALOT S.A.'s appeal will be successful and that therefore it is not likely that the Company will be required to pay compensation to INTRALOT S.A.

No material changes have taken place during the three month period ended March 31, 2005 in the Company's commitments and contingencies apart from those disclosed in the Annual Financial Statements, for the period ended as at December 31, 2004 and those disclosed above.