

## OPAP S.A.

### Interim Results For The Three Months Ended March 31, 2006

- Revenues up 18.5% to €1,044.0m (Q1 05: €880.8m)
- EBITDA down 1.7% to €179.2m (Q1 05: €182.3m)
- Net Profit up 1.4% to €122.6m (Q1 05: €120.9m)

**ATHENS, Greece – May 24, 2006 – OPAP S.A. (OPAr.AT)**, the leading gaming company in Greece, today announces its interim financial results prepared in accordance with International Financial Reporting Standards for the three-month period ending March 31, 2006.

#### 1. OVERVIEW

(€'m)	Q1 06	Q1 05	Δ%
<b>Operating Revenues</b>	1,044.0	880.8	18.5
<b>EBITDA*</b>	179.2	182.3	(1.7)
<b>EBITDA Margin*</b>	17.2%	20.7%	(3.5)pt
<b>Net Profit</b>	122.6	120.9	1.4

\* Excluding a provision of €2.1m relating to staff compensation claims relating to the period 1998 – 1999, recorded in Q1 2006

Revenues for the period totalled €1,044m, an 18.5% increase on Q1 2005. Revenue growth was driven primarily by a strong performance in *Stihima*, the Company's largest sports betting game.

EBITDA for the period amounted to €179.2m, down 1.7% on 2005. EBITDA margin declined from 20.7% to 17.2% due to higher payout in *Stihima* and increased distribution costs. Net Profit for the three-month period totaled €122.6m, 1.4% up on 2005.

Commenting on the first quarter results Mr. Basile Neiadas, OPAP's Managing Director, noted:

**"We are pleased to report a strong set of financial results for the first quarter of this year driven by the successful rejuvenation measures implemented for our largest sports betting game *Stihima*. In addition to attracting a significant number of players from the illegal betting market, we have also managed to increase the game's contribution to our gross profit."**

## 2. FINANCIAL REVIEW

### Operating revenues for the three-month period ending March 31, 2006 and 2005

(€'000)	Q1 06	Q1 05	Δ%
Stihima	481,676	300,504	60.3
Propo	22,491	25,512	(11.8)
Propo-Goal	438	388	13.1
<b>Total Sports Betting</b>	<b>504,605</b>	<b>326.404</b>	<b>54.6</b>
<i>% of total revenues</i>	<i>48.3</i>	<i>37.1</i>	<i>NM</i>
Joker	57,882	57,944	0
Lotto	12,709	15,485	(17.9)
Proto	11,068	10,849	2.0
Extra 5	4,541	5,705	(20.4)
Super 3	16,222	18,791	(13.7)
<i>KINO</i>	<i>436,918</i>	<i>445,597</i>	<i>(2.0)</i>
<b>Total Numerical Games</b>	<b>539,340</b>	<b>554,371</b>	<b>(2.7)</b>
<i>% of total revenues</i>	<i>51.7</i>	<i>62.9</i>	<i>NM</i>
<b>Total Revenues</b>	<b>1,043.945</b>	<b>880,775</b>	<b>18.5</b>

Total revenues increased by 18.5% to €1,044m in the first three months of 2006 (Q1 05: €880.8m). *Stihima* revenues increased by 66.3% in January, 54.7% in February and 61.2% in March compared to the corresponding months in 2005. This strong performance of *Stihima* was mainly due to the rejuvenation measures which are gradually being implemented since July 2005. We were particularly encouraged by the favourable impact of the increased payout, which enabled us to offer single and double betting events, as well as by the favourable contribution of over/under betting. As a result, sports betting revenues increased by 54.6% as *Stihima* increased its contribution to total revenues to 46.1% (Q1 05: 34.1%)

Revenues from numerical games were down 2.7% to €539.3m versus €554.4m in Q1 2005. Numerical games represented 51.7% of total revenues in Q1 06 compared to 62.9% in the same period of 2005.

*KINO* revenues for the period decreased by 2% and daily *KINO* revenues per agent averaged around €900. Going forward we do not expect significant deviation in daily *KINO* revenues per agent from the levels witnessed in the first quarter of 2006. We are closely monitoring the performance of *KINO* with a view of intervening if and when this is deemed necessary.

With the exception of *Joker*, revenues from our remaining numerical games showed some weakness in the first quarter. Revenues from *Extra 5* decreased by 20.4% to €4.5m (Q1 05 €5.7m), *Super 3* revenues decreased by 13.7% to €16.2m (Q1 05 €18.8m) and *Lotto* revenues fell by 17.9% to €12.7m (Q1 05 €15.5m) as a result of less favourable jackpot rollovers.

### Cost of sales for the three-month period ended March 31, 2006 and 2005

(€'000)	Q1 06	Q1 05	Δ%
Prize payouts to lottery and betting winners	675,905	554,670	21.9
Lottery agents' commissions	83,848	70,965	18.2

Betting commissions	51,073	32,474	57.3
Depreciation	960	1,048	(8.4)
Amortization	4,343	4,339	0.1
Repairs and maintenance expenditures	2,605	1,846	41.1
Third parties' outsourcing	2,543	2,469	3.0
Greek Professional Football Teams' Association	2,155	2,390	(9.8)
Staff cost	3,394	3,364	0.9
Other expenses	5,201	5,536	(6.1)
Provisions for bad debtors	800	920	(13.0)
Retirement benefit costs	251	315	(20.3)
<b>Total Cost of Sales</b>	<b>833,078</b>	<b>680,336</b>	<b>22.5</b>

OPAP's most significant cost item relates to payouts to lottery and betting winners, which in the first quarter of 2006 increased by 21.9% to €675.9m. Overall, payouts as a percentage of operating revenues increased from 63.0% in the first three months of 2005 to 64.7% in the first quarter of 2006. This increase is primarily due to the higher payout in *Stihima*, which grew from 60% in Q1 05 to 63.9% in Q1 06.

Average agents' commissions as a percentage of overall sales declined to 8.0% (Q1 05: 8.1%) due to the higher proportion of revenues from *Stihima* and *KINO*, which pay a lower commission to agents (8.0% and 7.0% respectively).

Betting commissions paid to Intralot S.A. (the company responsible for the risk management of *Stihima*) increased by 57.3% to €51.1m, reflecting the increase in *Stihima* revenues.

### ***Gross Profit***

Our gross profit in the first three months of 2006 increased by 5.2% to €210.9m from €200.4m in the same period of 2005. Our gross profit margin decreased to 20.2% from 22.8% in Q1 2005 primarily reflecting the increased payout of *Stihima* and the increased proportion of *Stihima* in our revenue mix. In particular the rejuvenation measures introduced in *Stihima* contributed an additional €20.7m to the game's gross profit compared to Q1 2005.

### ***Distribution Costs***

Our distribution costs increased to €27.1m in the first three months of 2006 (Q1 05: €16.6m), mainly reflecting increases in advertising and sponsorship. The increase in advertising costs compared to the first quarter of 2005 was primarily due to greater spend on *Propo*, leading up to the relaunch of the game in early March, as well as to the introduction of an advertising campaign highlighting the Company's corporate social responsibility programme. The increase in sponsoring costs was primarily due to increased spending on sponsorship of Greek football teams and costs related to the recent Eurovision song contest. For the full year we anticipate distribution costs to remain similar to last year's levels.

### ***Administrative Expenses***

Our administrative expenses increased to €9.6m from €8.4m in the first quarter of 2005, mainly due to an increase in staff costs and third parties' outsourcing costs.

### ***Other operating expenses***



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Other operating expenses increased to €3.5m from €0.2m in the corresponding period last year, primarily due to staff compensation claims relating to the period 1998 – 1999 and foreign exchange differences.

## ***Profit from Operations***

Reflecting the above factors, our profit from operations decreased by 3.0% from €176.4m in the first quarter of 2005 to €171.2m in the first quarter of 2006.

## ***Tax Expense***

Our tax expense decreased to €51.4m in the first three months of 2006 from €57.4m in the first three months of 2005. The reduction in tax expense mainly reflects the decrease in the applicable statutory corporate income tax rate to 29% (previously 32%).

## ***Net Profit for the Period***

Reflecting the above factors and the gradual reduction in corporate taxation, our net profit for the period increased by 1.4% to €122.6m from €120.9m in the first quarter of 2005.

## Cash Flows for the three-month period ended March 31, 2006 and 2005

(€'000)	Q1 06	Q1 05	Δ%
<b>Cash Flow from Operating Activities</b>	145,234	187,205	(22.4)
<b>Cash Flow from Investing Activities</b>	983	(4,623)	N.M.
<b>Cash Flow from Financing Activities</b>	940	(781)	N.M.

### *Cash Flows from Operating Activities*

Our primary source of liquidity is cash generated from our operations, which decreased by 22.4% to €145.2m in the first three months of 2006 from €187.2m in the same period of 2005. This decrease was primarily due to the payment of the last tax installment for the 2004 fiscal period which was incurred in January 2006 rather than during 2005.

### *Cash Flows from Investing Activities*

Cash flow from investing activities was €1.0m in the first three months of 2006 compared to €(4.6)m in the first three months of 2005. Increased cash flow from investing activities is due to lower capital expenditure. This stood at €2.0m in the first three months of 2006 compared to €7.7m in the first quarter of 2005 which included an upgrade of our network's telecommunications equipment.

### *Cash Flows from Financing Activities*

Cash flow from financing activities was €0.9m in the first three months of 2006 compared to €(0.8)m in the first three months of 2005. This change primarily reflects the full repayment of a loan in October 2005. The installment for this loan in the first quarter of 2005 was € 1.9m.



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## MAIN DEVELOPMENTS

### Implementation of Changes in *Stihima*

In addition to increasing the payout and introducing under/over and live betting as additional features of *Stihima* during 2005, we recently introduced non-sporting events. More specifically, on February 10, we included the Oscar Awards in the game and on May 21 we added the Eurovision song contest hosted in Athens, which generated additional revenue of €0.25m and €3.6m respectively.

With respect to the introduction of Greek football games, despite our initial expectation that the Committee for Professional Sports would provide us with the approved list of Greek football teams before the end of the current football season, this has now been delayed. As a result we now expect the list to be ready in advance of the next football season due to commence in late August.

### Update on the *Stihima* Risk Management tender

In its May 3 meeting, OPAP's Board of Directors approved the main parameters of the risk management tender for *Stihima*. It is currently anticipated that the draft tender document will become available on the Internet for consultation in the immediate future.

### Update on Tender for Central Systems and Terminals

Following the submission of the proposals by the three participating companies in early January, the Board of Directors of OPAP has decided to reject all the objections pertaining to the legitimacy of the participation of the candidates. The relevant evaluation committee is currently examining the technical specifications of the offers submitted.

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#### About OPAP

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



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## APPENDICES TO FINANCIAL STATEMENTS

**(Prepared in accordance with International Accounting Standards)**

- I. OPAP S.A., Income Statements for the Three-month periods ended March 31, 2006 and 2005
- II. OPAP S.A., Balance Sheet as at March 31, 2006 and December 31, 2005
- III. OPAP S.A., Cash Flow Statements for the Three-month periods ended March 31, 2006 and 2005



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## APPENDIX I

### OPAP S.A.

#### Consolidated Income Statements For the Three-month Periods Ended March 31, 2006 and 2005 (Thousands of Euros, except for per share amounts)

	2006	2005
Revenues from games	1,043,945	880,775
Cost of sales	(833,078)	(680,336)
<b>Gross profit</b>	<b>210,867</b>	<b>200,439</b>
Other operating income	484	1,215
Distribution costs	(27,054)	(16,627)
Administrative expenses	(9,574)	(8,380)
Other operating expenses	(3,524)	(224)
Income from provisions	-	-
Income from associates	-	-
Amortization of goodwill	-	-
<b>Profit from operations</b>	<b>171,199</b>	<b>176,423</b>
Net financing income	2,819	2,422
<b>Profit before tax</b>	<b>174,018</b>	<b>178,845</b>
Tax expense	(51,434)	(57,399)
Deferred taxes	58	(507)
<b>Profit after tax</b>	<b>122,642</b>	<b>120,939</b>
Attributable to Minority interest	(6)	(5)
<b>Attributable to Shareholders of OPAP</b>	<b>122,636</b>	<b>120,934</b>
Basic earnings per share	0.38	0.38



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## APPENDIX II

**OPAP S.A.**  
**Consolidated Balance Sheets**  
**As at March 31, 2006 and 31 December, 2005**  
**(Thousands of Euros)**

	2006	2005
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	584,158	437,001
Inventories	539	404
Trade receivables	50,833	61,979
Other current assets	173,504	172,124
<b>Total current assets</b>	<b>809,034</b>	<b>671,508</b>
<b>Non - current assets</b>		
Intangible assets	223,861	227,655
Property, plant and equipment	35,575	36,038
Goodwill	13,646	13,646
Investment in associates	-	-
Other receivables	11,844	11,484
Deferred tax assets	5,413	5,355
<b>Total non-current assets</b>	<b>290,339</b>	<b>294,178</b>
<b>TOTAL ASSETS</b>	<b>1,099,373</b>	<b>965,686</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Borrowings	15,118	15,118
Trade and other payables	136,176	143,155
Taxes payable	292,983	281,215
Accrued liabilities	8,457	3,077
<b>Total current liabilities</b>	<b>452,734</b>	<b>442,565</b>
Borrowings	10,227	10,227
Employee benefit plans	22,104	23,491
Provisions	2,439	301
Other non-current liabilities	5,962	5,779
<b>Total non-current liabilities</b>	<b>40,732</b>	<b>39,798</b>
<b>Equity attributable to shareholders of OPAP</b>		
Issued capital	95,700	95,700
Reserves	43,700	43,700
Dividends proposed	299,860	299,860
Exchange differences	121	179
Retained earnings	166,380	43,744
	<b>605,761</b>	<b>483,183</b>
Minority Interest	146	140
<b>Total equity</b>	<b>605,907</b>	<b>483,323</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>1,099,373</b>	<b>965,686</b>



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## APPENDIX III

### OPAP S.A. Consolidated Cash Flow Statements For the Three-month Periods Ended March 31, 2006 and 2005 (Thousands of Euros)

	2006	2005
<b>OPERATING ACTIVITIES</b>		
Profit Before tax	174,018	178,845
<b>Adjustments for:</b>		
Depreciation & Amortization	5,845	5,898
Net financing income	(2,819)	(2,422)
Employee Benefit Plans	(1,386)	77
Provisions for bad debts	800	920
Other provisions	2,137	
Other non cash items	(127)	(164)
	<b>178,468</b>	<b>183,154</b>
<b>Changes in working capital</b>		
Increase (Decrease) in inventories	(135)	158
Increase (Decrease) in trade & other receivable	8,906	7,438
Increase (Decrease) in payables	(1,942)	(8,857)
Increase (Decrease) in taxes payables	(756)	5,726
	<b>184,541</b>	<b>187,619</b>
Interest paid	(249)	(414)
Income taxes paid	(39,058)	
<b>Cash flow from operating activities</b>	<b>145,234</b>	<b>187,205</b>
<b>INVESTING ACTIVITIES</b>		
Loans granted to personnel	(325)	202
Purchase of plant and equipment	(1,292)	(7,420)
Purchase of intangible assets	(467)	(237)
Interest received	3,068	2,836
Guarantees	(1)	(4)
<b>Cash flow from investing activities</b>	<b>983</b>	<b>(4,623)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends return (paid)	940	1,126
Repayment of borrowings	-	(1,907)
<b>Cash flow used in financing activities</b>	<b>940</b>	<b>(781)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>147,157</b>	<b>181,801</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>437,001</b>	<b>423,567</b>
<b>Cash and Cash equivalents at end of period</b>	<b>584,158</b>	<b>605,368</b>