

OPAP S.A. Interim Results For The Six-Month Period Ended June 30, 2006

- Revenues up 34.0% to €2,289.8m (H1 05: €1,709.0m)
- EBITDA up 4.5% to €329.2m (H1 05: €315.1m)
- Net Profit up 12.5% to €228.2m (H1 05: €202.8m)

ATHENS, Greece – August 24, 2006 – OPAP S.A. (OPAr.AT), the leading gaming company in Greece, today announces its interim financial results for the six-month period ended June 30, 2006, prepared in accordance with International Financial Reporting Standards.

1. OVERVIEW

(€'m)	Q2 06	Q2 05	Δ%	H1 06	H1 05	Δ%
Operating Revenues	1,245.8	828.2	50.4%	2,289.8	1,709.0	34.0%
EBITDA	150.0	132.8	13.0%	329.2	315.1	4.5%
EBITDA Margin	12.0%	16.0%	(4)pt	14.4%	18.4%	(4)pt
Net Profit	105.5	81.9	28.8%	228.2	202.8	12.5%

OPAP reports solid financial results for the six-month period ended June 30, 2006. Revenues for the period grew to €2,289.8m up 34.0% on 2005 primarily due to the ongoing success of our flagship game *Stihima* following implementation of the rejuvenation measures, coupled with the exceptional performance of the game during the World Cup.

EBITDA for the period amounted to €329.2m, up 4.5% on 2005. EBITDA margin in the first half decreased to 14.4% from 18.4% in the same period last year, mainly due to the increase in the payout ratio of *Stihima* and an increase in distribution costs. Net Profit for the same period amounted to €228.2m, 12.5% up on 2005.

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

“We are pleased to announce continued solid growth in our revenue and bottom line. We are particularly pleased with the very strong performance in our fixed-odds sports betting game *Stihima* following a very strong activity during the 2006 soccer World Cup event. This growth also demonstrates the effectiveness of the rejuvenation measures we have been gradually implementing since last year. At the same time, we are encouraged by the steady performance of our second largest game KINO.”

1. FINANCIAL REVIEW

Operating revenues for the three-month and six-month periods ending June 30, 2006 and 2005

(€'m)	Q2 06	Q2 05	%Δ	H1 06	H1 05	%Δ
Stihima	709.5	302.2	134.8	1,191.2	602.7	97.6
Propo	13.2	18.8	(29.8)	35.7	44.3	(19.4)
Propo Goal	0.4	0.3	33.3	0.8	0.7	14.3
Total Sports Betting	723.1	321.3	125.1	1,227.7	647.7	89.5
KINO	425.2	412.2	3.2	862.1	857.8	0.5
Joker	50.9	49.3	3.2	108.8	107.3	1.4
Super 3	16.3	17.7	(7.9)	32.5	36.5	(11.0)
Lotto	12.9	12.8	0.8	25.6	28.3	(9.5)
Proto	13.3	9.8	35.7	24.4	20.6	18.4
Extra 5	4.1	5.1	(19.6)	8.7	10.8	(19.4)
Total Numerical Games	522.7	506.9	3.1	1,062.1	1,061.3	0.1
Total Revenues	1,245.8	828.2	50.4	2,289.8	1,709.0	34.0

Total Revenues increased by 34.0% from €1,709.0m in the first half of 2005 to €2,289.8m in the first half of 2006. Sports betting revenues increased by 89.5% in the period, underpinned by the increased revenue from the World Cup and the ongoing favourable impact of the rejuvenation measures which have been gradually implemented since July 2005 (including increased payout, which enabled us to offer single and double betting events and over/under and live betting). Continuing the trend witnessed in the first quarter of 2006, *Stihima* revenues increased by 48.5% in April, 55.0% in May, and 399.8% in June compared to the corresponding months in 2005. It should be noted that total revenues from *Stihima* during the World Cup period (9 June – 9 July 2006) were approximately €425m.

Revenues from numerical games in the first half of the year were flat, totalling €1,062.1m from €1,061.3m in the same period of 2005. Numerical games represented 46.4% of total revenues in the first half of 2006 compared to 62.1% in the same period of 2005, primarily due to the impact of the World Cup and the ongoing success of *Stihima*.

Revenues from *KINO* amounted to €862.1m in the first half of 2006, a marginal increase of 0.5% over the same period last year. The year-on-year increase in *KINO* revenues in the second quarter, reversing a 2% decrease in the first quarter, can be largely attributed to the greater inflow of players into the agencies as a result of the World Cup, coupled with the temporary one-hour extension of playing hours during that period. This is despite the fact that four out of the seven annual bank holidays occurred in the second quarter of this year. Daily *KINO* revenues per agent in the second quarter averaged approximately €930.

Cost of sales for the three-month and six-month periods ending June 30, 2006 and 2005

(€'000)	Q2 06	Q2 05	Δ%	H1 06	H1 05	Δ%
Prize payouts to lottery and betting winners	861,358	550,828	56.4	1,537,263	1,105,498	39.1
Lottery agents' commissions	99,518	66,277	50.2	183,366	137,242	33.6
Betting commissions	71,678	30,480	135.2	122,751	62,954	95.0
Depreciation	987	1,004	(1.7)	1,947	2,052	(5.1)
Amortization	4,595	4,336	6.0	8,938	8,675	3.0
Repairs and maintenance expenditures	3,016	2,025	48.9	5,621	3,871	45.2
Third parties' outsourcing	2,454	2,764	(11.2)	4,997	5,233	(4.5)
Greek Professional Football Teams' Association	931	1,515	(38.5)	3,086	3,905	(21.0)
Staff costs	4,092	3,166	29.2	7,486	6,530	14.6
Other expenses	5,228	4,858	7.6	10,429	10,394	0.3
Provisions for bad debtors	200	1,351	(85.2)	1,000	2,271	(56.0)
Retirement benefit costs	226	222	1.8	477	537	(11.2)
Total Cost of Sales	1,054,283	668,826	57.6	1,887,361	1,349,162	39.9

OPAP's most significant cost relates to the payouts to lottery and betting winners, which in the first half of 2006 increased by 39.1% to €1,537.3m. Overall, payouts as a percentage of operating revenues increased from 64.7% in the first half of 2005 to 67.1% in the same period of 2006. This increase is primarily due to the higher payout in *Stihima*, which grew from 64.4% in H1 05 to 68.3% in H1 06, and its higher contribution, along with *KINO*, to total revenues (increased from 85.5% in H1 05 to 89.7% in H1 06). As a reminder, for the two-year period from January 2005 to January 2007, *Stihima*'s pay-out cost for OPAP is capped to 65.4% as any amounts exceeding this limit will be reimbursed by Intralot in 2007.

Average agents' commissions as a percentage of sales remained flat at 8.0% (H1 05: 8.0%) due to the higher contribution of *Stihima* and *KINO* to total revenues 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*) amounted to €122.8m, reflecting the increased *Stihima* revenues.

Staff costs included in cost of sales are a component of total staff costs. Total staff costs amounted to €18.8m in H1 06 versus €16.7m in H1 05, a 12.4% increase year on year which includes a €0.8m charge due to a change implemented to the collective employment agreement resulting from the settlement of a pay-related dispute.

Gross Profit

Our gross profit in the first six months of 2006 increased by 11.8% to €402.4m from €359.8m in the same period of 2005. Our gross profit margin decreased to 17.6% from 21.1% in H1 05 primarily reflecting the increased payout of *Stihima* and its increased proportion in the revenue mix.

Distribution Costs

Our distribution costs increased by 40.5% to €56.0m in the first half of 2006 (H1 05: €39.9m) mainly due to increases in advertising and sponsorship expenses.

Administrative Expenses

Administrative expenses increased to €20.1m in the first half of 2006 from €17.7m last year, mainly due to an increase in staff costs (as discussed above) and higher third party expenses.

Other Operating Expenses

Other operating expenses increased to €10.1m in the first half of 2006 from €1.2m in the corresponding period of last year, primarily due to a one-off payment amounting to €7.6m made to settle the pay-related dispute pertaining to the period 1998 - 2005 and foreign exchange differences.

Profit from Operations

Reflecting the above factors, our profit from operations increased by 4.6% from €303.3m in the first half of 2005 to €317.2 in the first half of 2006.

Tax Expense

Our tax expense decreased to €94.6m in the first half of 2006 from €106.1m in the first half of 2005. The reduction in tax expense mainly reflects the decrease in the corporate income tax rate to 29% from 32% previously.

Net Profit

Our net profit for the period increase by 12.5% from €202.8m in the first half of 2005 to €228.2m in the first half of 2006.

Cash Flows for the three-month and six-month periods ending June 30, 2006 and 2005

(€'000)	Q2 06	Q2 05	%Δ	H1 06	H1 05	%Δ
Cash Flow from Operating Activities	156,607	186,528	(16.0)	301,841	373,733	(19.2)
Cash Flow from Investing Activities	(11,500)	2,648	(534.3)	(10,517)	(1,975)	432.5
Cash Flow from Financing Activities	(307,532)	(306,271)	0.4	(306,592)	(307,052)	(0.1)

Cash Flows from Operating Activities

Our primary source of liquidity is cash generated from our operations which decreased by 19.2% to €301.8m in the first half of 2006 from €373.7m in the same period of 2005. This decrease is primarily attributed to (i) the payment of the last tax installment for the 2004 fiscal period which was incurred in January 2006 rather than during 2005 and (ii) a higher cash flow for the H1 2005 period due to a re-imbursement made by Intralot regarding the excess payout of *Stihima* for 2004, that was not repeated in 2006 due to last year's changes in the agreement with Intralot regarding *Stihima*.

Cash Flows used in Investing Activities

Cash flow from investing activities was €(10.5)m in the first half of 2006 compared to €(2.0)m in the first half of 2005. The decreased cash flow from investing activities is primarily due to higher spend on software and equipment for the upgrade of our IT system. This was partly counterbalanced by an increase in the interest income.

Cash Flows used in Financing Activities

The cash flow from financing activities was €(306.6)m in the first half of 2006 compared to €(307.1)m in the first half of 2005. This consists of the payment of the annual dividend for the 2005 fiscal period in June, as well as a repayment of some of our financial obligations.

MAIN DEVELOPMENTS

Risk management of *Stihima*

On the 12th of July our Board of Directors decided on the formation of a new Betting division. The purpose of this new division will be the undertaking of all necessary actions and initiatives in order for OPAP to be able to assume the in-house operation and risk management of *Stihima* by the end of January 2007.

Update on the Tender for Central Systems and Terminals

Following the rejection of the initial round of objections pertaining to the legitimacy of the participation of candidates, on July 27 the Board of Directors of OPAP rejected a further round of objections in relation to the technical offers of the candidates. On August 22, two out of the three candidates (G-Tech and Intralot) have requested from the courts for interim injunction measures against the above decision. The Court hearing has been set for September 5, 2006 and we expect a decision from the court within October 2006.

Introduction of Greek soccer and basketball events in *Stihima*

In line with our commitment to *Stihima* and following receipt of all necessary approvals, as of August 19 we have included in the game 15 out of the 16 soccer teams of the first division (Super League) and have received approvals for inclusion of the 14 out of the 18 soccer teams of the second division which will be included in *Stihima* upon commencement of the second division season. Finally, first and second division basketball teams have also been approved for inclusion in *Stihima*.

KINO

The BoD decided to:

- increase daily playing hours from seven currently to nine in the immediate future
- propose to the competent ministries an increase in the agents' commission from 7% to 7.5% till December 2006 and to 8% from January 2007 onwards

Finally we are considering expanding KINO playing hours during weekends all day long.

About OPAP

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

APPENDIX

- I. OPAP S.A., Income Statements for the six-month periods ended June 30, 2006 and 2005
- II. OPAP S.A., Balance Sheets as at June 30, 2006 and December 31, 2005
- III. OPAP S.A., Cash Flow Statements for the six-month periods ended June 30, 2006 and 2005

APPENDIX I

OPAP S.A.

Income Statements For the Six-month Periods Ended June 30, 2006 and 2005 (Thousands of Euros, except for per share amounts)

	2006		2005	
	1/1-30/6/06	1/4-30/6/06	1/1-30/6/05	1/4-30/6/05
Revenues	2,289,792	1,245,847	1,708,984	828,209
Cost of sales	(1,887,361)	(1,054,283)	(1,349,162)	(668,826)
Gross profit	402,431	191,564	359,822	159,383
Other operating income	1,009	525	2,197	982
Distribution costs	(55,993)	(28,939)	(39,858)	(23,231)
Administrative expenses	(20,131)	(10,557)	(17,651)	(9,271)
Other operating expenses	(10,143)	(6,619)	(1,197)	(973)
Profit from operations	317,173	145,974	303,313	126,890
Net financial results	6,647	3,828	5,894	3,472
Dividends				
Profit before tax	323,820	149,802	309,207	130,362
Income Tax	(94,647)	(43,213)	(106,087)	(48,688)
Deferred tax	(988)	(1,046)	(335)	172
Profit after tax	228,185	105,543	202,785	81,846
Minority interest	(26)	(20)	5	11
Net profit for the period	228,159	105,523	202,790	81,857
Basic earnings per share	0.72	0.33	0.64	0.26

APPENDIX II

OPAP S.A.
Balance Sheets
As at June 30, 2006 and December 31, 2005
(Thousands of Euros)

	30/06/06	31/12/05
ASSETS		
Current assets		
Cash and cash equivalents	421,733	437,001
Inventories	841	404
Trade receivables	49,551	61,979
Other assets	175,455	172,124
Total current assets	647,580	671,508
Non-current assets		
Intangible assets	232,516	227,655
Property, plant and equipment	36,160	36,038
Goodwill	13,646	13,646
Investments in subsidiaries	-	-
Investments in associates	-	-
Other non-current assets	12,495	11,484
Deferred tax assets	4,368	5,355
Total non-current assets	299,185	294,178
TOTAL ASSETS	946,765	965,686
EQUITY & LIABILITIES		
Short-term liabilities		
Borrowings	15,118	15,118
Trade and other payables	172,679	143,155
Tax liabilities	306,504	281,215
Accrued liabilities	10,310	3,077
Total short-term liabilities	504,611	442,565
Long-term liabilities		
Borrowings	2,668	10,227
Employee benefit plans	21,264	23,491
Provisions	301	301
Other liabilities	6,317	5,779
Total long-term liabilities	30,550	39,798
Equity		
Share capital	95,700	95,700
Reserves	43,700	43,700
Dividends payable	-	299,860
Exchange differences	135	179
Retained earnings	271,903	43,744
	411,438	483,183
Minority interest	166	140
Total equity	411,604	483,323
TOTAL EQUITY & LIABILITIES	946,765	965,686

APPENDIX III

OPAP S.A.

Cash Flow Statements For the Six-month Periods Ended June 30, 2006 and 2005 (Thousands of Euros)

	1/1-30/6/06	1/1-30/6/05
<u>OPERATING ACTIVITIES</u>		
Profit Before tax	323,820	309,207
<u>Adjustments for:</u>		
Depreciation & Amortization	12,018	11,771
Financing results (net)	(6,647)	(5,894)
Employee benefit plans	(2,227)	(28)
Provisions for bad debts	1,000	2,271
Other provisions		730
Exchange differences	(85)	<u>251</u>
Other non cash items	(19)	
Total	327,860	318,308
Increase (Decrease) in inventories	(437)	77
Increase (Decrease) in trade & other receivable	8,336	61,853
Increase (Decrease) in payables	36,534	41,854
Increase (Decrease) in taxes payables	(1,814)	<u>(6,711)</u>
	370,479	415,381
Interest expenses	(504)	(815)
Income taxes paid	(68,134)	<u>(40,833)</u>
Cash flow from operating activities	301,841	373,733
<u>INVESTING ACTIVITIES</u>		
Proceeds from sales of plant and equipment	11	
Guarantees	(1)	(4)
Loans raised to personnel	(831)	115
Purchase of plant and equipment	(3,008)	(8,439)
Purchase of intangible assets	(13,839)	(356)
Interest received	7,151	<u>6,709</u>
Cash flows from investing activities	(10,517)	(1,975)
<u>FINANCING ACTIVITIES</u>		
Repayments from long-term borrowings	(7,559)	(11,374)
Dividends paid	<u>(299,033)</u>	<u>(295,678)</u>
Cash flows from financing activities	(306,592)	(307,052)
Net increase (decrease) in cash and cash equivalents	(15,268)	64,706
Cash and cash equivalents at the beginning of the year	437,001	423,567
Cash and cash equivalents at the end of year	421,733	488,273