OTE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

REGISTERED NUMBER 3896324

Contents

Directors' report
For the year ended 31 December 2007

The directors present their report on the affairs of OTE PLC ("the Company"), together with the financial statements and auditors' report for the year ended 31 December 2007

Directors and advisors

The directors who served throughout the period and subsequently were as follows

Iordanis Aivazis
Panos Kaliabetsos
James Patrick Johnston Fairrie (resigned 20 July 2007)
Robin Gregory Baker (alternate director to James Patrick Johnston Fairrie) (resigned 20 July 2007)
Martin McDermott (appointed 11 September 2007)
Mark Howard Filer (appointed 11 September 2007)
Wilmington Trust SP Services (London) Limited

Secretary	Wilmington Trust SP Services Limited 6 Broad Street Place, Fifth Floor, London, EC2M 7JH
Auditors	KPMG LLP 8 Salisbury Square, London, EC4Y 8BB
Registered office	c/o Wilmington Trust SP Services Limited 6 Broad Street Place, Fifth Floor, London, EC2M 7JH

Two directors of the Company benefit from third party qualifying indemnity insurance provisions

Principal activity

The principal activity of the Company is to borrow and raise funds from the market, for the benefit of its parent company, Hellenic Telecommunications Organisation (OTE) SA, incorporated in Greece and other OTE Group subsidiaries

Business Review

The following business review has been provided by the directors in accordance with the Companies Act
Key Performance Indicators ("KPIs"), allow the Directors and shareholders to monitor the company as a whole The company monitors KPIs on a regular basis The Company's KPIs are as follows

		31 December 2007	31 December 2006
		€	€
1	Administrative expenses	644,488	710,873
2	Interest income	196,349,117	143,984,528
3	Interest expense	194,596,150	145,312,342
4	Cash	4,813,193	8,221,370
5	Amounts owed by group companies	5,494,238,234	4,447,882,496
6	Guaranteed notes, Syndicated Facility and short-term credit facilities	5,389,598,741	4,344,349,181

Directors' report *(continued)*
For the year ended 31 December 2007

The company perceives and monitors the following major trends, opportunities and risks for the year ending 31 December 2007 and beyond

- Interest rate movements
- Credit Spreads

The Company's profits stem from the difference between interest receivable by OTE S A and OTE Group subsidiaries and interest payable to the bondholders and other lenders Profits are used to cover administrative and other expenses

The directors expect that the current level of activity will continue in the forthcoming periods

Results and dividends

The audited financial statements for the year ended 31 December 2007 are set out on pages 7 to 22 The after-tax profit for the year was € 996,513 (2006 € 1,580,573)

The directors do not recommend the payment of a dividend out of the year profits (2006 € nil)

Financial instruments

Note 14 to the accounts provides details on the Company's financial risk management policies and related exposures

Creditor payment policy and practice

Given the principal activity of the Company there are no trade creditors and consequently no supplier payment policy

Related parties

As the Company is a wholly owned subsidiary of OTE S A , the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of OTE S A , within which this Company is included, can be obtained from the website (www ote gr)

Political and charitable contributions

The Company made no political nor charitable contributions during the year (2006 € nil)

Disclosure of information to auditors

Each director at the date of approval of this report confirms that

- As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and

- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Events after the Balance Sheet Date

See note 16

Auditors

A resolution for the appointment of KPMG LLP as auditors for the year 2007, was taken by the members of the Annual General Meeting, on 7 November 2007

Approved by the Board of Directors at its meeting on 24 July 2008 and signed on its behalf by order of the Board by

Wilmington Trust SP Services (London) Limited
Director

24 July 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of OTE PLC

We have audited the financial statements of OTE Plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of OTE PLC *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 July 2008

Profit and loss account
For the year ended 31 December 2007

	Notes	Year ended 31 December 2007 €	2006 €
Administrative expenses		(644,488)	(710,873)
Operating loss		(644,488)	(710,873)
Finance income / (charges), net	2	1,752,967	(1,327,814)
Profit / (Loss) on ordinary activities before taxation	3	1,108,479	(2,038,687)
Income taxes	6	(111,966)	3,619,260
Profit on ordinary activities after taxation		996,513	1,580,573
Retained profit for the year	11, 12	996,513	1,580,573

The accompanying notes on pages 9 to 22 are an integral part of this profit and loss account

The above results were from continuing operations throughout the year

There are no recognised gains and losses other than the profit for the year

Balance Sheet
As at 31 December 2007

	Notes	31 December 2007 €	2006 €
Current assets			
Debtors			
- due within one year	7	1,726,430,133	520,063,685
- due after one year	7	3,768,000,000	3,928,000,000
Total debtors		5,494,430,133	4,448,063,685
Cash at bank		4,813,193	8,221,370
		5,499,243,326	4,456,285,055
Creditors: Amounts falling due within one year	8	(1,626,296,445)	(591,635,142)
Net current assets		3,872,946,881	3,864,649,913
Total assets less current liabilities		3,872,946,881	3,864,649,913
Creditors: Amounts falling due after more than one year	9	(3,860,399,408)	(3,853,098,953)
Net assets		12,547,473	11,550,960
Capital and reserves			
Called up share capital	10	80,076	80,076
Retained Earnings and Reserves	11	12,467,397	11,470,884
Equity Shareholders' funds	12	12,547,473	11,550,960

The accompanying notes on pages 9 to 22 are an integral part of this balance sheet

Signed on behalf of the Board by:

Wilmington Trust SP Services (London) Limited
Director

24 July 2008

Notes to the financial statements
As at 31 December 2007

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time FRS 29 "Financial Instruments disclosures", which is applicable for annual reporting periods beginning on or after 1 January 2007 The impact of the adoption of this Standard has been to expand the disclosures provided in the financial statements regarding the Company's financial instruments

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Company's debt guaranteed by parent company

All bonds and loans are fully and unconditionally guaranteed by OTE S A

Guaranteed Notes

Guaranteed Notes are initially stated at the amount of the net proceeds after deduction of · a) issuance expenses and b) net discount on the principal amount at issue, if any The carrying amount is increased by the amortisation of the issue cost and discount at issue corresponding to the accounting period and reduced by any repayments made during the period

Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments are comprised of cash, debtors, loans and receivables and borrowings

The fair value of an asset is the amount per which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument An instrument is classified as at fair value through the statement of income if it is held for trading or is designated as such upon initial recognition Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statement of income

Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset Purchases and sales of financial assets are accounted for at the trade date

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at the effective interest rate on the carrying amount

Taxation

The tax charge is based on the "locally incurred income and a 10% mark up on locally incurred administrative costs (ie "cost plus method") agreed with HM Revenue and Customs (HMRC)

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate as of the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the exchange rates prevailing at that date All foreign exchange differences are included in the profit and loss account

Cash flow statement

Under the provisions of Financial Reporting Standard No 1 (revised), the Company has not prepared a cash flow statement as OTE S A prepares publicly available consolidated financial statements, which include the results of the Company These financial statements are obtainable upon request at the address shown on note 15

Capital Management

The Company includes as capital the value of its called up share capital and a portion of its retained earnings that it has no intention of distributing The Company's objective in managing capital is to maintain its ability to continue as a going concern The Company's manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk profile of its markets and underlying assets The Company adjusts its capital needs by determining the amount of earnings to retain and the level of debt to maintain

2. Finance income / (charges), net

	Year ended 31 December	
	2007	**2006**
	€	**€**
Interest and similar income		
Interest income from group companies	196,032,446	143,135,885
Other finance income	308,770	848,643
Foreign exchange profit	7,901	
Total interest and similar income	196,349,117	143,984,528
Interest expense and similar charges		
Guaranteed Notes & Syndicated Facilities	(193,867,763)	(143,077,193)
Interest expense – swap*	(312,791)	(2,034,519)
Commitment fee on revolving credit facility agreement and € 2 7 billion short-term credit facility	(398,117)	(200,630)
Foreign exchange loss	(17,479)	-
Total interest expense and similar charges	(194,596,150)	(145,312,34
Net finance income / (charges)	1,752,967	(1,327,814)

* The Company had an interest rate swap which expired on 7 February 2007 Although the swap was designated as hedge upon reception it did not qualify for hedge accounting on 31 December 2006 and as a result all gains and losses with respect to the hedging instrument is shown through the profit and loss account

3. Profit / (Loss) on ordinary activities, before taxation

Profit / (Loss) on ordinary activities before taxation is stated after charging

	Year ended 31 December	
	2007	**2006**
Auditors' remuneration		
Amounts receivable by the auditors and their associates in respect of	€	€
Audit of these financial statements	27,950	25,000
Tax services	7,294	152,205
Other services	58,000	-
Other professional fees		
Rating agency fees	156,060	139,482
GMTN update, agency fees	153,448	234,812
Other fees	161,849	75,009

4. Staff costs

No persons were employed by the Company during the year (year ended 2006 nil)

5. Directors' remuneration

	Year ended 31 December	
	2007	2006
	€	€
Directors' emoluments	84,121	84,365
Highest paid director		
Directors' emoluments	79,888	84,365

6. Taxation

(a) Analysis of charge in year :

	Year ended 31 December	
	2007	2006
	€	€
Current tax:		
Tax on profit for the year	(111,966)	(275,595)
Tax on profit for previous years'	-	(343,849)
Income tax reversal of prior year overprovision	-	4,238,704
Income Taxes	(111,966)	3,619,260

(b) Factors affecting current tax:

The tax charge for the year is lower than the standard rate of corporation tax in the UK, (year ended 31 December 2007 30%, year ended 31 December 2006 : 30%) The differences are explained below

	Year ended 31 December	
Current tax reconciliation	2007	2006
	€	€
Profit / (loss) on ordinary activities, before tax	1,108,479	(2,038,687)
Current tax (charge) / benefit at 30% (2006 30%)	(332,544)	611,606
Effects of		
Disallowed and non deductible expenses	220,578	(887,201)
Tax on profit for previous years' (based on "cost plus method")	-	(343,849)
Income tax reversal of prior year overprovision	-	4,238,704
Income Taxes	(111,966)	3,619,260

6. Taxation *(continued)*

In September 2006 a final agreement on a "cost plus method" was reached between the Company and HM Revenue and Customs (HMRC) following HMRC's enquiry into the Company's Corporation Tax Return for years 2002 and 2003 According to the "cost plus method", tax was computed on locally incurred income (i e bank interest) and a 10% mark up on locally incurred administrative costs This basis led to an income tax expense of € 343,849 for the period 2000 to 2005 inclusive This basis is also applied in the 2006 and 2007 corporation tax resulting in current income tax of € 111,966 (2006 € 275,595)

7. Debtors

	31 December 2007	31 December 2006
	€	€
(a) Amounts falling due within one year:		
Called up share capital not paid	60,057	60,057
Amounts owed by group companies	1,726,238,234	519,882,496
Prepayments and accrued income	131,842	121,132
	1,726,430,133	520,063,685

Amounts owed by group companies are analysed as follows:

		31 December 2007	31 December 2006
		€	€
(i)	Balance of € 200 million long-term loan granted to Cosmobulgaria Mobile EAD, ("CBM") (see note 7 (b) (ii) below), due in October 2008	160,000,000	20,000,000
(ii)	Bond issued by Cosmote S A in July 2005, in the amount of € 289 million, fully subscribed by the Company, bearing interest at euribor plus 0 30% per annum was repaid in February 2007	-	289,000,000
(iii)	Bond issued by Cosmote S A in June 2006, in the amount of € 160 million, fully subscribed by the Company, bearing interest at euribor plus 0 30% per annum was repaid in February 2007	-	160,000,000
(iv)	Short-term loan granted to OTE S A on 9 November 2007 of € 2 7 billion bearing interest euribor + 0 32% per annum	1,500,000,000	-
(v)	Accrued Interest receivable	66,238,234	50,882,496
		1,726,238,234	519,882,496

Notes to the financial statements
As at 31 December 2007

7. Debtors (continued)

	31 December 2007 €	31 December 2006 €
(b) Amounts falling due after more than one year:		
Amounts owed by group companies	3,768,000,000	3,928,000,000
	3,768,000,000	3,928,000,000

Amounts owed by group companies are analysed as follows

		31 December 2007 €	31 December 2006 €
(i)	Loan granted to OTE S A in August 2003, repayable in August 2013, bearing interest at 5 22% per annum	1,118,000,000	1,118,000,000
(ii)	Loan granted to Cosmobulgaria Mobile EAD on 20 December 2003, amounting to € 200 million, bearing interest 5 52% per annum, repayable in three annual instalments € 20 million in October 2006, € 20 million in October 2007, and € 160 million in October 2008 The remaining balance of the loan was transferred to "Amounts falling due within one year" (see note 7 (a) (i) above)	-	160,000,000
(iii)	Bond issued by Cosmote S A in September 2005, fully subscribed by the Company, in the amount of € 500 million, bearing interest at euribor plus 0 235% per annum, maturing in September 2010	500,000,000	500,000,000
(iv)	Loan granted to OTE S A on 11 November 2005, in the amount of € 650 million, out of which € 636 1 million constitutes an exchange of € 608 4 million debt at a rate of 104 55% and € 13 9 million constitutes a new loan The loan bears interest at 3 80% per annum, maturing in November 2011 On 8 November 2006 OTE S A prepaid to the Company a portion of € 500 million at market rates (at 97 31%) plus accrued interest	150,000,000	150,000,000
(v)	Bond issued by Cosmote S A in November 2006 fully subscribed by the Company in the amount of € 500 million bearing interest of 3 80% per annum maturing in November 2011	500,000,000	500,000,000
(vi)	Bond issued by Cosmote S A in November 2006 fully subscribed by the Company in the amount of € 900 million bearing interest of 4 645% per annum maturing in May 2016	900,000,000	900,000,000
(vii)	Bond issued by Cosmote S A in November 2006 fully subscribed by the Company in the amount of € 600 million bearing interest of euribor+0 30% per annum maturing in November 2009	600,000,000	600,000,000
		3,768,000,000	3,928,000,000

8. Creditors: Amounts falling due within one year

	31 December 2007 €	31 December 2006 €
Remaining capital € 491 6 million of Guaranteed Notes € 1 1 billion repaid in February 2007	-	491,250,228
Drawn portion under the short-term credit facility € 2 7 billion	1,494,199,333	-
Term loan of € 60 million granted by OTE S A in February 2007 due in October 2008	35,000,000	-
Interest payable on guaranteed notes and syndicated facility	64,183,366	64,681,472
Commitment fee on Revolving Credit Facility and Short-Term facility	200,950	16,333
Interest payable to OTE S A	387,928	-
Derivative liability (see note 14)	-	1,900,000
Income tax payable (see note 6)	57,095	275,595
Accruals and deferred income	32,267,773	33,511,514
	1,626,296,445	591,635,142

Guaranteed Notes and Drawn portion under the short term credit facility are stated net of unamortised debt issue costs of € 5 8 million (2006: € 0 3 million)

By 31 December 2007 an amount of € 54,871 has been prepaid netting off the tax liability to € 57,095

On 9 November 2007 the Company signed a short-term credit facility agreement with a consortium of banks for the amount of € 2 7 billion under the full guarantee of OTE S A bearing interest euribor+0 30% per annum in order to finance the acquisition of minority shares of Cosmote S A by OTE S A Subsequently, the funds were lent to OTE S A via an intercompany loan of an equivalent amount As of 31 December 2007 € 1 5 billion were drawn (see note 7(a)(iv) above)

In February 2007 OTE S A granted to the Company a loan of € 60 million bearing interest at euribor+0 15% per annum, maturing in October 2008 repayable in two installments, € 25 million in October 2007 and € 35 million on the termination date

On 19 September 2003, the Company established a Euro Commercial Paper Programme under which it may issue and have outstanding at any time euro-commercial paper notes, fully and unconditionally guaranteed by its parent company, up to a maximum aggregate amount of € 500 million, or its equivalent in alternative currencies, with a maximum maturity of one year Notes may be interest-bearing or non-interest-bearing Interest (if any) may accrue at a fixed rate, or at a floating rate No issuance of notes under this programme has taken place as of the date of this report

Notes to the financial statements
As at 31 December 2007

9. Creditors: Amounts falling due after more than one year

	31 December 2007 €	31 December 2006 €
In more than one year but not more than two years	598,732,552	-
In more than two years but not more than five years	1,129,425,665	1,723,035,008
In more than five years	2,132,241,191	2,130,063,945
	3,860,399,408	3,853,098,953

On 16 July 2007 the Company increased the maximum authorised amount of notes, under the Global Medium Term Note Programme (GMTN), from € 5 billion to € 6 5 billion, in accordance with a Board of Directors resolution The GMTN Programme of € 6 5 billion is fully guaranteed by OTE S A , as resolved by its Board of Directors, on 21 June 2007

Amounts falling due after more than one year represent a) long term debt from issued Guaranteed Notes, net of the non amortised balances of net discounts and issuance expenses and b) long term debt from the Syndicated Credit Facility These are analysed as follows·

		31 December 2007 €	31 December 2006 €
(i)	Guaranteed Notes issued on 5 August 2003, of € 1 25 billion, due on 5 August 2013, bearing interest at 5% per annum These notes were issued under the Global Medium Term Note Programme	1,241,726,687	1,240,476,181
(ii)	Syndicated Credit Facility, guaranteed by OTE S A , dated 2 September 2005 in the amount of € 850 million initially maturing in September 2010 The facility consists of a € 500 million Term Loan bearing interest at euribor plus 0 225% per annum and a € 350 million Revolving Credit Facility, bearing interest at euribor plus 0 20% per annum Following a one + one year extension granted by the lenders, € 25 8 million mature in September 2010, € 29 million in September 2011 and € 445 2 in September 2012	500,000,000	500,000,000
(iii)	In November 2005 the Company completed the Exchange Bond Programme, in order to refinance part of the Eurobond of € 1 1 billion, bearing interest at 6 125% per annum, maturing on 7 February 2007 After the exchange and following the issue of additional notes for rounding purposes, the new notes amounted to € 650 million, bearing interest at 3 75% per annum and maturing in November 2011	629,425,665	624,652,804
(iv)	Guaranteed Notes issued in November 2006 in the nominal amount of € 900 million bearing interest of 4 625% per annum maturing in May 2016	890,514,504	889,587,764
(v)	Guaranteed Notes issued in November 2006 in the nominal amount of € 600 million bearing interest of euribor+0 28% per annum maturing in November 2009	598,732,552	598,382,204
		3,860,399,408	3,853,098,953

Notes to the financial statements
As at 31 December 2007

9. Creditors: Amounts falling due after more than one year (continued)

Guaranteed Notes are stated net of unamortised debt issue costs falling due after more than one year of € 39 6 million (2006 € 46 9 million)

The guaranteed notes described in 9 (iv) and (v) above include a "Change of Control" clause which is triggered if a person or persons acquire more than 50% of shares or voting rights of OTE S A and as a result of that, the rating of OTE S A is withdrawn or falls below investment grade In accordance with the terms and conditions of the notes, in the event that the "Change of Control" clause is triggered, the Company shall promptly give written notice to the bondholders, who in turn shall have the option to require the Company to redeem the notes (put option), at their principal amounts together with accrued interest up to the date of redemption
This "Change of Control" clause is included also in the respective bonds issued by Cosmote S A described in 7 (b) (vi) and (vii)

All issued notes, which are fully and unconditionally guaranteed by OTE S A are redeemable in whole, but not in part, on the maturity date

In an event of default, as defined in the respective Final Terms of the Notes, the Guaranteed Notes are repayable at par along with accrued interest

10. Called-up share capital

	31 December	
	2007	2006
Authorised		
50,000 ordinary shares of £1 each	£50,000	£50,000
Allotted, called-up and partly-paid		
50,000 ordinary shares of £1 each	€80,076	€80,076

The two subscriber shares of the Company are fully paid The 49,998 allotted shares are a quarter paid

11. Retained Earnings and Reserves

	€
At 1 January 2006	9,890,311
Profit for the period	1,580,573
At 31 December 2006	11,470,884
Profit for the period	996,513
At 31 December 2007	12,467,397

12. Reconciliation of movements in shareholders' equity

	31 December 2007	2006
	€	€
Total recognised profit for the year	996,513	1,580,573
Net increase in shareholders' equity	996,513	1,580,573
Shareholders' equity, as at 1 January	11,550,960	9,970,387
Shareholders' equity, as at 31 December	12,547,473	11,550,960

13. Related party transactions

The Company has taken advantage of the exemption in FRS 8 Transactions with group entities are not disclosed as more than 90% of the voting rights of the Company are held within the group headed by OTE S A and the consolidated financial statements of OTE S A are available to the public at the address stated in note 15

14. Financial instruments

The Company is exposed to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and management policies and procedures for the measuring and managing of these risks

<u>Credit risk</u>

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations

Concentration of credit risk is identified in the receivables from affiliates with respect to loan facilities

In monitoring credit risk, loan agreements are signed with all the affiliates and the collection of the loan installments from the affiliates is earlier than the Company's obligation towards its bond holders

Notes to the financial statements
As at 31 December 2007

14. Financial instruments (continued)

The carrying amount of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

	2007 €	2006 €
Amounts owed by group companies-falling due within one year	1,726,485,004	520,063,685
Amounts owed by group companies-falling due after more than one year	3,768,000,000	3,928,000,000
Cash and cash equivalents	4,813,193	8,221,370
Total	**5,499,298,197**	**4,456,285,055**

Cash and cash equivalents have a minimum credit risk as they are deposited in a bank with high credit rating

The risk of default on amounts owed by group companies is considered to be low as all amounts are guaranteed by OTE S A and OTE S A has control over the other subsidiaries to which the Company lends money and according their ability to repay the amounts outstanding

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due

Liquidity risk is kept at low levels by ensuring that all the Company's outflows (servicing of debt) are matched with at least equivalent inflows via back to back loan agreements with group companies

The Company's available cash as at 31 December 2007 amounts to € 4 8 million, its loans amounts to € 5 4 billion, while the Company has a long-term credit (committed) line of € 350 million

Below is an analysis of the maturity of the Company's financial liabilities

31 December 2007	Amounts (€)	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Notes under GMTN Programme	**3,360,399,408**	-	598,732,552	629,425,664	2,132,241,192
Syndicated facility	**500,000,000**	-	-	500,000,000	-
Short-term credit facility	**1,494,199,333**	1,494,199,333	-	-	-
Intercompany loan from OTE S A	**35,000,000**	35,000,000	-	-	-
Suppliers	**12,574**	12,574	-	-	-
Total	**5,389,611,315**	1,529,211,907	598,732,552	1,129,425,664	2,132,241,191

31 December 2006	Amounts (€)	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Notes under GMTN Programme	**3,844,349,181**	491,250,228	-	1,223,035,008	2,130,063,945
Syndicated facility	**500,000,000**	-	-	500,000,000	-
Suppliers	**1,242,705**	1,242,705	-	-	-
Total	**4,345,591,886**	492,492,933	-	1,723,035,008	2,130,063,945

The increased loan commitments due in 2008 as at 31 December 2007 are attributed to the short-term credit facility which was refinanced in February 2008 with the issue of long-term Notes under the GMTN Programme (for further details see Note 16· Post Balance Sheet Events)

14. Financial instruments (continued)

The Company is dependent on the credit standing of its parent company OTE S A , which acts as Guarantor to all the Company's liabilities under the Notes issued as well as to the Syndicated Facility

Fair Values

The fair values of financial liabilities, together with the carrying amounts shown in the balance sheet, are as follows

31 December 2007	Carrying Amount	Estimated fair value
	€	€
Guaranteed Notes (long-term portion)	3,360,399,408	3,258,368,050
Syndicated Credit Facility	500,000,000	500,000,000
Short-term credit facility €2 7 billion	1,494,199,333	1,494,199,333
Intercompany loan from OTE S A	35,000,000	35,000,000
Total	**5,389,598,741**	**5,287,567,383**

31 December 2006	Carrying Amount	Estimated fair value
	€	€
Guaranteed Notes (long-term portion)	3,353,098,953	3,373,820,000
Guaranteed Notes (short-term portion)	491,250,228	492,611,694
Syndicated Credit Facility	500,000,000	500,000,000
Total	**4,344,349,181**	**4,366,431,694**

The estimated fair value is determined based on the market price of the Notes multiplied by the nominal amount of each note

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's results or the value of its holdings of financial instruments The objective of market risk management is to manage and control exposure within acceptable limits while optimizing the return on risk

Below is a detailed description of the individual market risks and the Company's policies to manage such risks

Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was

	Carrying Amount	
	2007	2006
Fixed rate instruments	€	€
Financial assets	2,828,000,000	2,600,000,000
Financial liabilities	2,761,666,856	3,245,966,977
Variable rate instruments		
Financial assets	2,600,000,000	1,100,000,000
Financial liabilities	2,627,931,885	1,098,382,204

14. Financial instruments (continued)

As at 31 December 2007, 49% of Company s borrowings bore floating interest rate, while after the refinancing of the € 1 5 billion short term credit facility in February 2008, the exposure to floating rates decreased significantly

Fair value sensitivity analysis for fixed rate instruments

The Company does not recognise any fixed rate financial assets and liabilities held at fair value through profit or loss, and as at 31 December 2007 the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss

Cash flow sensitivity analysis for variable rate instruments

The Company's strategy is to undertake minimum interest rate risk by matching interest rate payable to its creditors with interest rate receivable from its debtors

An increase (decrease) of 100 basis points in interest rates on the liabilities at the reporting date would have decreased (increased) equity and profit or loss by the amounts shown below This analysis assumes that all other variables remain constant and the change of 100 basis points in interest rates is not applied on the asset side The analysis is performed on the same basis for 2006

	Profit or loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 December 2007				
Variable rate instruments	(13,532,083)	13,532,083	(13,532,083)	13,532,083
31 December 2006				
Variable rate instruments	(5,683,333)	5,683,333	(5,683,333)	5,683,333

An increase (decrease) of 100 basis points in interest rates on the assets at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below This analysis assumes that all other variables remain constant and the change of 100 basis points in interest rates is not applied on the liabilities side The analysis is performed on the same basis for 2006

	Profit or loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 December 2007				
Variable rate instruments	13,208,333	(13,208,333)	13,208,333	(13,208,333)
31 December 2006				
Variable rate instruments	9,453,333	(9,453,333)	9,453,333	(9,453,333)

<u>Currency risk</u>

Currency risk is the risk that the fair values or the cash flows of a financial instrument fluctuate due to foreign currency changes

The Company has no exposure in foreign currency, as all its borrowings and loans to subsidiaries are in Euro

Notes to the financial statements
As at 31 December 2007

15. Ultimate parent company

The Company ıs a subsıdıary of Hellenıc Telecommunıcatıons Organısatıon (OTE) SA, a company ıncorporated ın Greece The consolıdated financıal statements of OTE S A wıthın whıch thıs Company ıs ıncluded can be obtaıned from 99, Kıfissıas Avenue, 151 24 Athens, Greece and also the web sıte (www ote gr)

16. Post Balance Sheet Events

1 On 31 January 2008, the Company, based on the Arrangement Fee Letter sıgned between the Company and the consortıum of banks under the € 2 7 bıllıon credıt facılıty agreement, paıd an amount of € 4 2 mıllıon representıng an addıtıonal arrangement fee At the same tıme, an equal amount was receıved by the Company from OTE S A accordıng to the terms and condıtıons of the € 2 7 bıllıon ıntercompany loan agreement sıgned between the Company and OTE S A

2 On 12 February 2008 the Company ıssued under ıts GMTN programme a total of € 2 1 bıllıon notes ın two tranches € 1 5 bıllıon and € 600 mıllıon

The purpose of the ıssue was to refinance the € 2 1 bıllıon short-term credıt facılıty granted ın November 2007 to finance the acquısıtıon of the mınorıty shares of Cosmote Specıfically, the Company ıssued ı) € 1 5 bıllıon notes maturıng on 14 February 2011 bearıng ınterest of 5 375% per annum and ıı) € 600 mıllıon notes maturıng on 12 February 2015 bearıng ınterest of 6% per annum In February 2008, the Company's exposure to floatıng rate borrowıngs was approxımately 19%

The terms of the notes ınclude a Change of Control clause and a Ratıng Step up clause

The Change of Control clause ıs trıggered ıf a person or persons acquıre more than 50 % of the ıssued ordınary share capıtal or votıng rıghts of OTE S A and as a result of that, the ratıng of OTE S A ıs wıthdrawn or falls below ınvestment grade In accordance wıth the terms and condıtıons of the notes, ın the event that the Change of Control clause ıs trıggered, the Company shall promptly gıve wrıtten notıce to the bondholders, who ın turn shall have the optıon to requıre the Company to redeem the notes (put optıon), at theır prıncıpal amounts together wıth accrued ınterest up to the date of redemptıon

Accordıng to the Ratıng Step up clause, the rate of ınterest of the notes could ıncrease once by 1 25% untıl the maturıty of the notes ın the event where the ratıng of OTE S A ıs wıthdrawn or falls below ınvestment grade

As a result of the above ıssue of notes, the € 2 1 bıllıon short term credıt facılıty was fully repaıd ın February 2008

3 In March 2008 the Company paıd to ıts dırectors an amount of € 6,598 out of whıch € 5,278 relates to 2007

4 On 23 July 2008 the Company entered ınto an ınterest rate swap arrangement for a notıonal amount of € 65 mıllıon ın order to hedge the faır value of a portıon of the 5%, August 2013 bond