OTE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

REGISTERED NUMBER: 3896324

Directors' report
For the year ended 31 December 2003

The directors present their report on the affairs of OTE PLC ("the Company"), together with the financial statements and auditors' report for the period ended 31 December 2003.

Directors

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

Iordanis Aivazis	(appointed 08 April 2003)
Panos Kaliabetsos	(appointed 08 April 2003)
James Patrick Johnston Fairrie	(appointed 18 January 2002)
SPV Management Limited	(appointed 22 December 1999)
Robin Gregory Baker	(appointed 18 January 2002)
Secretary	SPV Management Limited, Tower 42 (Level 11), 25 Old Broad Street, London EC2N 1HQ, England
Auditors	ERNST & YOUNG LLP, 1 More London Place, London SE1 2AF, United Kingdom
Solicitors	Dewey Ballantine, 1 Undershaft, London EC3A 8LP, England
Registered office	42 Tower (Level 11), 25 Old Broad Street, London EC2N 1HQ

Principal activity and business review

OTE PLC was incorporated on 17 December 1999. The principal activity of the Company is to issue Guaranteed Notes for the benefit of its parent company, the Hellenic Telecommunications Organisation (OTE) S.A., incorporated in Greece and other OTE Group subsidiaries.

On 7 February 2000 the Company issued Guaranteed Notes on the Luxembourg Stock Exchange with a principal value of €1,100,000,000, which bear interest at 6.125% per annum, maturing on 7 February 2007.

On 5 August 2003 the Company issued €1,250,000,000 notes bearing interest at 5% maturing on 5 August 2013, under its €1.5 billion Global Medium Term Note Programme. The remaining €250,000,000 notes were issued on 13 November 2003, bearing interest at floating rate, maturing in 2006. All the notes are fully and unconditionally guaranteed by the parent company, OTE, and the proceeds were used primarily to refinance OTE's existing facilities, as well as to finance other OTE Group subsidiaries.

The Company profits the margin of interest receivable from the loans granted to OTE and OTE Group subsidiaries and interest payable to the holders of the bonds, which is used for the payment of its administrative expenses.

The directors expect the current level of activity to continue in the forthcoming periods.

Results and dividends

The audited financial statements for the period ended 31 December 2003 are set out on pages 7 to 15. The loss for the year after taxation was €2,665,469 (year ended 31 December 2002 – loss of €123,082).

The directors do not recommend the payment of a dividend (2002-nil).

Creditor payment policy and practice

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

Events after the Balance Sheet Date

(i) Revolving Credit Facility: On 2 March 2004 the Company entered into a credit facility agreement (the "Credit Facility Agreement") with a consortium of banks, which provided it with a revolving credit facility of €350,000,000 guaranteed by the parent company, OTE. Drawdowns under the facility are repayable within one year from the date of the agreement; however, this maturity date may be extended for one more year upon the Company's request. Furthermore, the Company has the option to convert the revolving facility into a term loan facility. Drawdowns can be made either in € or in optional currencies (Sterling or $ or other currency readily available in the amount required and freely convertible into € in the relevant inter-bank market). The facility bears interest at the LIBOR (or EURIBOR for drawdowns denominated in €) plus a margin of 0.3% (and mandatory costs). The facility contains events of default including, among others, failure to make payments, breach of representations, warranties and statements, cross default under other agreements, certain events of insolvency, and the occurrence of events having a material adverse change (as defined therein) in the financial condition of OTE PLC or the parent company, OTE.
On the same date the Company entered into an inter- company loan agreement with its parent company, by which it made the revolving credit facility of €350,000,000 available to OTE in an aggregate principal amount equal to the facility amount. Upon exercise of the Company's option to convert the above-mentioned revolving facility into a term loan facility this facility is also converted into a term loan facility in an aggregate amount equal to the outstanding Revolving Loans. Drawdowns are repayable in accordance with the Credit Facility Agreement and interest is set at EURIBOR plus 0.3%.
As of the issuance of these financial statements, neither the Company nor OTE have drawn down any funds against the respective facilities.

(ii) Inter- company loan to CBM: Under the loan agreement signed on 20 December 2003, CBM has drawn down amounts of €10,000,000 on 23 January 2004, €20,000,000 on 12 March 2004 and € 15,000,000 on 1 September 2004, setting the outstanding balance of the loan to €200,000,000.

(iii) Inter- company loan to OTE of €246,427,500: The inter- company loan agreement signed on 13 November 2003 was amended 7 on January 2004 and the outstanding balance of the loan was set at €236,427,500, due to a capital repayment of €10,000,000. The principal amount was further reduced twice within 2004 and was set at €216,427,500, under an amendment signed on 14 May 2004 and finally at €201,427,500, under an amendment signed on 1 September 2004, reflecting capital repayments of €20,000,000 and €15,000,000, respectively.

Directors' report
For the year ended 31 December 2003

Approved by the Board
of Directors at its
meeting on 27 October 2004

and signed on its behalf by order of the Board,

Tower 42 (Level 11)
25 Old Broad Street
London
EC2N 1HQ

SPV Management Limited
Director

27 October 2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ernst & Young

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Independent auditors' report to the Members of OTE PLC

We have audited the financial statements of OTE PLC for the year ended 31 December 2003, which comprise the Profit and Loss Account, the Balance Sheet and the related notes numbered 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as 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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the Company 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 opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of the Company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

28 October 2004

Profit and loss account
For the year ended 31 December 2003

	Notes	Year ended 31 December 2003 €	2002 €
Administrative (expenses)		(206,179)	(165,184)
Operating loss		(206,179)	(165,184)
Finance income/(charges), (net)	2	(2,459,290)	42,102
Loss on ordinary activities before taxation	3	(2,665,469)	(123,082)
Taxation	6	-	-
Loss on ordinary activities after taxation		(2,665,469)	(123,082)
Retained loss for the year	11, 12	(2,665,469)	(123,082)

The accompanying notes 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 loss for the year.

Balance sheet
At 31 December 2003

	Notes	31 December 2003 €	31 December 2002 €
Current assets			
Debtors			
- due within one year	7	88,364,307	61,888,394
- due after one year	7	2,664,751,347	1,092,967,847
Cash at banks		5,584,974	957,310
		2,758,700,628	1,155,813,551
Creditors: Amounts falling due within one year	8	(88,942,937)	(60,364,964)
Net current assets		2,669,757,691	1,095,448,587
Total assets less current liabilities		2,669,757,691	1,095,448,587
Creditors: Amounts falling due after more than one year	9	(2,672,754,612)	(1,095,780,039)
Net liabilities		(2,996,921)	(331,452)
Capital and reserves			
Called up share capital	10	80,076	80,076
Profit and loss account	11	(3,076,997)	(411,528)
Shareholders' deficit	12	(2,996,921)	(331,452)

The accompanying notes are an integral part of this balance sheet.

Signed on behalf of the Board by:

SPV Management Limited — Director
27. October 2004

Notes to the financial statements
As at 31 December 2003

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding period.

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis, as the immediate parent undertakings have agreed to provide ongoing support as necessary to carry on the activities of its subsidiary undertakings for the foreseeable future.

Guaranteed Notes

Guaranteed Notes are initially stated at the amount of the net proceeds after deduction of issue costs and net discount on the principal amount at issue. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

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

Deferred tax is recognized in respect of all material timing differences that have originated, not reversed, by the balance sheet date. Deferred tax is measured on a non- discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognized where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate. All 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 Hellenic Telecommunications Organisation ("OTE") S.A. prepares publicly available financial statements, which include the results of the Company.

Notes to the financial statements
As at 31 December 2003

2. Finance (expenses) / income, net

	Year ended 31 December	
	2003	2002
	€	€
Interest receivable and similar income		
Interest receivable from related parties	96,916,849	68,419,787
Other interest receivable	162,394	32,577
	97,079,243	68,452,364
Interest payable and similar charges		
Guaranteed Notes	(97,338,533)	(68,410,262)
Interest payable to related parties	(2,200,000)	-
	(2,459,290)	42,102

Included in the current year's Interest Expense on Guaranteed Notes is an amount of €2,280,693, which was paid to the holders of the notes, in relation to the consent of the requisite majority of the holders of the notes to waivers and proposed amendments, which were obtained at the meeting of the holders of notes held on 30 June 2003, in order to remedy a non payment default arising under certain conditions of the €1.1 billion 6.125% Guaranteed Notes due in 2007 and to have such conditions cured.

3. Loss on ordinary activities before taxation

Loss on ordinary activities before tax is stated after charging:

	Year ended 31 December	
	2003	2002
	€	€
Auditors' remuneration for audit services	15,000	15,000

4. Staff costs

No persons were employed by the Company during the year (year ended 2002 - nil).

5. Directors' remuneration

The emoluments of the directors were paid and borne by other OTE group entities for the year and preceding period and none of their remuneration was specifically attributable to their services to the Company. SPV Management Limited, of which James Fairrie is a director, received a fee of €68,411 from OTE PLC for the year ended 31 December 2003, for the provision of corporate services.

Notes to the financial statements
As at 31 December 2003

6. Taxation

(a) Analysis of tax on loss on ordinary activities:

	31 December	
	2003	2002
	€	€
Current tax:		
UK corporation tax	-	-
Tax under/ (over) provided in prior years	-	-
	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax under/ (over) provided in prior years	-	-
Total tax charge	-	-

(b) Factors affecting current tax:

The tax assessed on the loss on ordinary activities for the year differs from the rate of corporation tax applicable to the company of 30% (2002 – 30%). The differences are reconciled below:

	31 December	
	2003	2002
	€	€
(Loss) on ordinary activities before tax	(2,665,469)	(123,082)
(Loss) on ordinary activities multiplied by corporation tax of 30% (2002:30%)	(799,641)	(36,925)
Effect of:		
Losses carried forward	799,641	36,925
Current tax for the period	0	0

(c) Factors that may affect future tax charges

The Company has tax losses of €3,076,997 carried forward (2002 - €411,528) that are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of the losses carried forward as it is unclear whether there will be such profits in the foreseeable future.

7. Debtors

Notes to the financial statements
As at 31 December 2003

	31 December	
	2003	**2002**
	€	**€**
Amounts falling due within one year:		
Called up share capital not paid	60,057	60,057
Amounts owed by related parties	88,252,989	61,767,863
Prepayments and accrued income	51,261	60,474
	88,364,307	61,888,394
Amounts falling due after more than one year:		
Amounts owed by related parties	2,664,751,347	1,092,967,847
	2,664,751,347	1,092,967,847

On 10 February 2000 the Company entered into an inter-company loan agreement with its parent company, OTE, for the purpose of financing OTE's corporate activities. The agreement specified the grant of a loan facility by the Company of €1,092,967,847 to OTE, repayable on 20 January 2007, bearing interest at 6.26% per annum. On 19 March 2003 the agreement was amended and the outstanding balance of the loan was set at €1,057,967,847, reflecting a capital repayment of €35,000,000. The principal amount of this inter-company loan was finally set at €1,055,323,847, following a new amendment to the loan agreement, signed on 4 July 2003.

The proceeds of the abovementioned capital repayments as well as an inter-company loan granted to OTE PLC from OTE of €90,000,000, were used to finance another OTE Group subsidiary Cosmobulgaria Mobile EAD ("CBM"). The inter-company loan agreement signed on 28 March 2003 granted to CBM the amount of €35,000,000, repayable in a 6-month period from the date of the first loan disbursement, bearing interest at Inter-bank Rate plus 2.25%. On 9 July 2003 the Company entered into another inter-company agreement, which granted to CBM a loan facility of €120,000,000, bearing interest at Inter-bank Rate plus 2%. This loan was also repayable in 6 months from the date of the first loan disbursement. Finally, on 10 October 2003 the Company entered into an inter-company loan agreement with CBM, which considered the abovementioned loans as advances of a €155,000,000 loan, bearing interest at 5.52%, repayable in 5 years from the signature date. This loan agreement was further amended in 20 December 2003, increasing the maximum advance amount to €200,000,000. As of 31 December 2003, CBM has not drawn down any funds against the additional maximum advance amount. Subsequently to the Balance Sheet Date CBM has drawn down the additional €45,000,000 against the loan agreement signed on 20 December 2003 (see Note 17).

On 19 September 2003 the Company entered into an inter- company loan agreement with OTE, under which it lent to its parent company the amount of €1,209,000,000 at an annual interest rate of 5.22% with termination date on 1 August 2013. This agreement was amended on 22 September 2003 and the principal amount was finally set at 1,208,000,000.

On 13 November 2003 the Company entered into an inter- company loan agreement with OTE, under which it lent to its parent company the amount of €246,427,500 at EURIBOR plus 0.55%, repayable on 1 November 2006. This agreement was amended on 7 January 2004 and the outstanding balance of the loan was set at €236,427,500, due to a capital repayment of €10,000,000. The principal amount was further reduced twice within 2004 and was set at €216,427,500 under an amendment signed on 14 May 2004 and finally at €201,427,500, under an amendment signed on 1 September 2004, reflecting capital repayments of €20,000,000 and €15,000,000, respectively (see Note 17).

8. Creditors: Amounts falling due within one year

	31 December	
	2003	2002
	€	€
Interest payable on guaranteed notes	86,688,837	60,263,194
Interest payable on inter-company loan	2,200,000	-
Accruals and deferred income	54,100	101,770
	88,942,937	60,364,964

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

	31 December	
	2003	2002
	€	€
In more than one year but not more than two years	-	-
In more than two years but not more than five years	1,435,674,931	1,095,780,039
In more than five years	1,237,079,681	-
	2,672,754,612	1,095,780,039

The Company has issued Guaranteed Notes with a principal value of €1,100,000,000 which bear interest at 6.125% per annum, maturing on 7 February 2007. These may not be redeemed prior to the maturity date except that the notes may be redeemed in whole, but not in part, at the option of OTE PLC at anytime at 100% of the principal amount thereof plus accrued and unpaid interest and any other amounts payable thereon to the date of redemption. In the event of default as defined in the Offering Circular, the Guaranteed Notes may become repayable at 100% of the principal amount, together with accrued interest.

On 3 March 2003 the parent company, OTE, increased its share and obtained majority control on RomTelecom S.A. ("RomTelecom"), the main telecommunications operator in Romania and its 100% mobile subsidiary Cosmorom S.A ("Cosmorom"). The fact that Cosmorom is experiencing financial difficulties and has overdue payments in excess of €100 million to its principal supplier, together with RomTelecom's breach of a financial covenant attached to certain of its loan facilities, caused, among others, a non-payment default by OTE PLC and OTE under their 1.1 billion 6.125% guaranteed notes due in 2007. To date OTE' s management have not been able to reach a mutually acceptable agreement with the respective supplier regarding these overdue payments. In order to remedy the above mentioned event of default OTE and OTE PLC issued, on 30 May 2003, a solicitation statement wherein they sought consents from the holders of OTE PLC's outstanding bonds, to be represented and vote at a meeting of holders to:

i) Waive any event of default arising under Condition 9(iii) of the bond or otherwise caused by Cosmorom's failure to make payment of any indebtedness;
ii) Modify the events of default under the Notes by deleting references to "Subsidiaries" from Condition 9(iii) and replacing them with references to "Significant Subsidiaries" (excluding RomTelecom and OTE Estate S.A.) (the "Proposed Amendments"); and
iii) Modify the negative pledge covenant under the Notes by limiting its applicability to public external indebtedness issued or guaranteed by OTE PLC, OTE or Significant Subsidiaries (excluding RomTelecom and OTE Estate).

At the meeting of holders of Notes held on 30 June 2003, the consent of the requisite majority of holders of the notes to the abovementioned waivers and proposed amendments was obtained. In connection with the Waivers and proposed amendments OTE and OTE PLC agreed to pay certain amounts by way of consent payments in cash. (€2.5 or €1.5) according to whether the relevant consents were received before or after the early consent payment deadline (16 June 2003), subject to certain conditions described therein, for each €1,000 principal amount of the notes, for which consents were received on or prior to the applicable deadline. The total amount paid by the Company to the holders of the bonds was €2,280,693.5 and is included in the 2003 Profit and Loss account under Interest Expense. Based on this vote both the Cosmorom originated breach and the breach due to the default of RomTelecom on its EBRD loans have been cured.

On November 7, 2001, OTE PLC established a Global Medium Term Note Program for the issuance of up to €1.5 billion in aggregate principal amount of notes, fully and unconditionally guaranteed by OTE, with a maximum maturity of up to ten years. On June 5, 2003, OTE's Board of Directors approved the extension of the maturity of the notes to thirty years. Notes may be interest bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or at a floating rate or other variable rate. *Within 2003, OTE PLC used in full this facility and issued notes* amounting to €1.5 billion, fully and unconditionally guaranteed by OTE, in two tranches, bearing interest as follows:

(i) €1.25 billion notes issued in 5 August 2003 at 5%, maturing in 5 August 2013.
(ii) €0.25 billion notes issued in 13 November 2003 at floating rate, maturing in 13 November 2006.

These notes will be redeemable in whole, but not in part on the maturity date.

In the events of default, as defined in the Information Memorandum, the Guaranteed Notes may become repayable at 100% of the principal amount together with accrued interest.

The Notes are fully and unconditionally guaranteed by OTE.

Furthermore, on 8 October 2003, OTE's Board of Directors approved to raise the aggregate principal amount of notes under the Global Medium Term Note Programme from the initial €1.5 billion to €2.5 billion. The Company is currently in the process of preparing the necessary documentation and obtaining appropriate approvals in order to enforce its parent company's decision.

Finally, on 9 July 2003 the Company borrowed from its parent company the amount of €90,000,000, bearing interest at 5%, repayable on the 20th of October 2008.

10. Called-up share capital

	31 December	
	2003	**2002**
	€	**€**
Authorised:		
50,000 ordinary shares of £1 each	80,076	80,076
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.

Notes to the financial statements
As at 31 December 2003

11. Profit and Loss Account

	€
At 1 January 2003	(411,528)
Retained loss for the period	(2,665,469)
At December 2003	(3,076,997)

12. Reconciliation of movements in shareholders' deficit

	31 December	
	2003	2002
	€	€
Total recognised losses for the year	(2,665,469)	(123,082)
Net increase in shareholders' deficit	(2,665,469)	(123,082)
Shareholders' deficit at 1 January	(331,452)	(208,370)
Shareholders' deficit at 31 December	(2,996,921)	(331,452)

13. Related party transactions

The Company has taken advantage of the exemption in FRS8 that 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 and the consolidated financial statements of OTE are available to the public.

14. Financial instruments

The carrying amount and estimated fair value of the Company's financial instruments are summarised below:

	Carrying amount	Estimated fair value
	€	€
Guaranteed Notes	2,582,754,612	2,663,796,750

Estimated fair value
The estimated fair value is determined from the principal value of each loan and the respective average estimated yield rate as of 31 December 2003 at the point of redemption.

Interest rate profile

The Company borrowed through Guaranteed Notes an amount of €1,100,000,000 bearing interest fixed at 6.125% maturing on 7 February 2007 and then lent to its parent company the amount of €1,092,967,847 at an annual interest rate of 6.26% with termination date on 20 January 2007. On 19 March 2003 the agreement was amended and the outstanding balance of the loan was set at €1,057,967,847, reflecting a capital repayment of €35,000,000. The principal amount of this inter-company loan was finally set at €1,055,323,847, following a new amendment to the loan agreement, signed on 4 July 2003.

Furthermore, the Company borrowed through Guaranteed Notes an amount of €1,250,000,000 bearing interest fixed at 5% maturing on 5 August 2013 and then lent to its parent company the amount of €1,208,000,000 at an annual interest rate of 5.22% with termination date on 1 August 2013.

The amount of €155,000,000, representing the outstanding loan granted to CBM was generated as follows:

- €35,000,000 being the proceeds of the capital repayment from the first loan granted to the parent company, repayable in a 6 month period from the date of the first loan disbursement, bearing interest at Inter-bank rate plus 2.25%, according to an inter-company loan agreement signed on 28 March 2003.

- *€30,000,000* being part of the proceeds of the *€1,25 billion* Notes and *€90,000,000*, being the proceeds of a loan obtained from OTE on 9 July 2003, in total €120,000,000, repayable in 6 months from the date of the first loan disbursed, bearing interest at Inter-bank rate plus 2%, according to an inter-company loan agreement signed on 9 July 2003.

Finally, based on an inter-company loan agreement, which was signed on 10 October 2003, the abovementioned loans were considered as advances of a €155,000,000 loan, bearing interest at 5.52%, repayable in 5 years from the signature date.

During November 2003 the Company borrowed an additional amount of €250,000,000 bearing interest floating payable quarterly at EURIBOR plus 0.45% out of which an amount of €246,427,500 was lent to the parent company at EURIBOR plus 0.55%.

15. Continued support from parent company

The ultimate parent company, OTE has confirmed its intention and ability to continue funding the activities of the Company for a period of at least one year from the date of signature of these financial statements.

Having regard to this commitment the directors have confirmed that it is appropriate to prepare these financial statements on a going concern basis, not withstanding the deficit on net liabilities at 31 December 2003.

16. Ultimate controlling party

Hellenic Telecommunications Organisation (OTE) S.A, a company incorporated in Greece, is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the accounts are available from 99, Kifissias Avenue, 151 81 Athens, Greece.

17. Post Balance Sheet Events

(i) Revolving Credit Facility: On 2 March 2004 the Company entered into a credit facility agreement (the "Credit Facility Agreement") with a consortium of banks, which provided it with a revolving credit facility of €350,000,000 guaranteed by the parent company, OTE. Drawdowns under the facility are repayable within one year from the date of the agreement; however, this maturity date may be extended for one more year upon the Company's request. Furthermore, the Company has the option to convert the revolving facility into a term loan facility. Drawdowns can be made either in € or in optional currencies (Sterling or $ or other currency readily available in the amount required and freely convertible into € in the relevant inter-bank market). The facility bears interest at the LIBOR (or EURIBOR for drawdowns denominated in €) plus a margin of 0.3% (and mandatory costs). The facility contains events of default including, among others, failure to make payments, breach of representations, warranties and statements, cross default under other agreements, certain events of insolvency, and the occurrence of events having a material adverse change (as defined therein) in the financial condition of OTE PLC or the parent company, OTE.
On the same date the Company entered into an inter- company loan agreement with its parent company, by which it made the revolving credit facility of €350,000,000 available to OTE in an aggregate principal amount equal to the facility amount. Upon exercise of the Company's option to convert the above-mentioned revolving facility into a term loan facility this facility is also converted into a term loan facility in an aggregate amount equal to the outstanding Revolving Loans. Drawdowns are repayable in accordance with the Credit Facility Agreement and interest is set at EURIBOR plus 0.3%.
As of the issuance of these financial statements, neither the Company nor OTE have drawn down any funds against the respective facilities.

(ii) Inter- company loan to CBM: Under the loan agreement signed on 20 December 2003, CBM has drawn down amounts of €10,000,000 on 23 January 2004, €20,000,000 on 12 March 2004 and €15,000,000 on 1 September 2004, setting the outstanding balance of the loan to €200,000,000.

(iii) Inter- company loan to OTE of €246,427,500: The inter- company loan agreement signed on 13 November 2003 was amended 7 January 2004 and the outstanding balance of the loan was set at €236,427,500, due to a capital repayment of €10,000,000. The principal amount was further reduced twice within 2004 and was set at €216,427,500 under an amendment signed on 14 May 2004 and finally at €201,427,500, under an amendment signed on 1 September 2004, reflecting capital repayments of €20,000,000 and €15,000,000, respectively.