OTE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

REGISTERED NUMBER: 3896324

Directors' report
For the year ended 31 December 2004

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 2004.

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	Tower 42 (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 S.A., and the proceeds were used primarily to refinance OTE S.A. existing facilities, as well as to finance other OTE Group subsidiaries.

The Company profits from 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 2004 are set out on pages 7 to 18 The profit for the year after taxation was €1,578,135 (year ended 31 December 2003 – loss of €2,665,469).

The directors do not recommend the payment of a dividend (2003-nil).

Directors' report
For the year ended 31 December 2004

Creditor payment policy and practice

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

Directors' Interests

SPV Management Limited holds 1 £1 ordinary share in OTE PLC under a Declaration of Trust for Charitable purposes. None of the other directors has any interest in the shares of the company. None of the directors holds any interest in the form of shares or debentures in OTE S.A. or any OTE S.A. subsidiary.

Events after the Balance Sheet Date

(i) On 20 January 2005 OTE S.A. Board of Directors approved to raise the aggregate principal amount of notes under the Global Medium Term Note Programme from €2.5 billion to €3.5 billion. As of the issuance of these financial statements the parent company's decision has not been enforced.

(ii) In July 2005 OTE PLC provided two intercompany loans to Cosmote Mobile Telecommunications S.A., a fellow subsidiary company, of €201 million and €289 million bearing interest rate at euribor + 0.30% and maturity November 2006 the former and February 2007 the latter.

(iii) On 1 July 2005, OTE S.A. prepaid the balance, plus accrued interest, of the intercompany loan granted by OTE PLC on 13 November 2003 (€201,427,500) at 100.5% (market rates).

(iv) On 12 July 2005, the balance of the loan facility granted to the parent company on 20 January 2007, bearing interest at 6.26% per annum was further reduced from €1,055 million to approximately €766 million due to a repayment of capital of €289 million. The repayment was made at 106% (market rates)

(v) On 2 September 2005 OTE PLC signed a €850 million Syndicated Credit Facility guaranteed by OTE S.A. The facility consists of a €500 million Term Loan and a €350 million Revolving Credit Facility. The main terms of the facility are: the interest rate is floating euribor + margin. The margin is adjustable based on OTE S.A. long term credit rating. With the current OTE S.A.'s credit rating the margin is 0.2125% p.a. for the Term Loan and 0.1875% p.a. for the Revolving Credit Facility. Commitment fee is 0.30% of the applicable margin. The facility matures in September 2010 and has an extension option of 1+1 year subject to lenders' consent. The main purpose of the facility is the refinancing of Cosmote's existing debt and the refinancing of the €350 million revolving credit facility dated 2 March 2004 used as back stop facility to the commercial paper program.

(vi) On 6 September 2005 OTE PLC drew €500 million under the Term Loan and provided an intercompany loan to Cosmote of the same amount, bearing interest euribor + 0.2225% and maturity on September 2010.

(vii) On 8 September 2005, the €350 million Revolving Credit Facility dated 2 March 2005, which on 15 February 2005 was extended for another 364 days to 28 February 2006, was cancelled and refinanced by the €350 million Revolving Credit Facility, which is part of the new €850 million Syndicated Credit Facility. As of the issuance of these financial statements, the Company has not drawn down any funds against this facility.

Directors' report
For the year ended 31 December 2004

(viii) On 13 September 2005 the company entered in an Interest Rate Swap (IRS) agreement with Morgan Stanley for the amount of €289 million until 7 February 2007. Under the IRS the company will pay annually euribor + 3.7775% and will receive 6.125%.

Auditors
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Approved by the Board
of Directors at its
meeting on 14 October 2005

and signed on its behalf by order of the Board,

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

Sunil Masson — SUNIL MASSON

for SPV Management Limited
Director

14 October 2005

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.

Independent auditors' report to the Members of OTE PLC

We have audited the financial statements of OTE PLC for the year ended 31 December 2004, 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 audit 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 Company's circumstances, consistently applied and adequately disclosed.

Independent auditors' report to the
Members of OTE PLC

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

18... October 2005

Profit and loss account
For the year ended 31 December 2004

	Notes	Year ended 31 December 2004 €	2003 €
Administrative (expenses)		(463,719)	(206,179)
Operating loss		(463,719)	(206,179)
Finance income/(charges), net	2	2,041,854	(2,459,290)
Profit/ (loss) on ordinary activities before taxation	3	1,578,135	(2,665,469)
Taxation	6	-	-
Profit/ (loss) on ordinary activities after taxation		1,578,135	(2,665,469)
Retained profit/(loss) for the year	11, 12	1,578,135	(2,665,469)

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 profit for the year.

Balance sheet
At 31 December 2004

	Notes	31 December 2004 €	31 December 2003 €
Current assets			
Debtors			
- due within one year	7	87,621,534	88,364,307
- due after one year	7	2,574,751,347	2,664,751,347
Cash at banks		8,207,511	5,584,974
		2,670,580,392	2,758,700,628
Creditors: Amounts falling due within one year	8	(86,834,861)	(88,942,937)
Net current assets		2,583,745,531	2,669,757,691
Total assets less current liabilities		2,583,745,531	2,669,757,691
Creditors: Amounts falling due after more than one year	9	(2,585,164,317)	(2,672,754,612)
Net liabilities		(1,418,786)	(2,996,921)
Capital and reserves			
Called up share capital	10	80,076	80,076
Profit and loss account	11	(1,498,862)	(3,076,997)
Shareholders' deficit	12	(1,418,786)	(2,996,921)

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

Signed on behalf of the Board by:

Sunil Masson – SUNIL MASSON

for SPV Management Limited   Director
14 October 2005

Notes to the financial statements
As at 31 December 2004

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 ultimate parent undertaking has 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 recognised 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 recognised 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.

2. Finance income/ (charges), net

	Year ended 31 December	
	2004	**2003**
	€	**€**
Interest receivable and similar income		
Interest receivable from related parties	144,725,966	96,916,849
Other interest receivable	164,164	162,394
	144,890,130	97,079,243
Interest payable and similar charges		
Guaranteed Notes	(138,773,553)	(97,338,533)
Commitment fee on revolving credit facility agreement	(237,223)	-
Interest payable to related parties	(3,837,500)	(2,200,000)
	2,041,854	(2,459,290)

3. Profit/ (loss) on ordinary activities before taxation

Profit/ (loss) on ordinary activities before tax is stated after charging:

	Year ended 31 December	
	2004	**2003**
	€	**€**
Auditors' remuneration for audit services	16,000	15,000
Auditors' remuneration for taxation services	7,150	10,656

4. Staff costs

No persons were employed by the Company during the year (year ended 2003 - 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 €80,671 from OTE PLC for the year ended 31 December 2004, for the provision of corporate services.

Notes to the financial statements
As at 31 December 2004

6. Taxation

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

	31 December 2004 €	31 December 2003 €
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% (2003 – 30%). The differences are reconciled below:

	31 December 2004 €	31 December 2003 €
Profit/ (loss) on ordinary activities before tax	1,578,135	(2,665,469)
Profit/ (loss) on ordinary activities multiplied by corporation tax of 30% (2003:30%)	473,441	(799,641)
Effect of:		
Losses carried forward	(473,441)	799,641
Current tax for the period	0	0

(c) Factors that may affect future tax charges

The Company has tax losses of €1,498,862 carried forward (2003 - €3,076,997) 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.

Notes to the financial statements
As at 31 December 2004

7. Debtors

	31 December 2004 €	31 December 2003 €
Amounts falling due within one year:		
Called up share capital not paid	60,057	60,057
Amounts owed by related parties	87,519,300	88,252,989
Prepayments and accrued income	42,177	51,261
	87,621,534	88,364,307
Amounts falling due after more than one year:		
Amounts owed by related parties	2,574,751,347	2,664,751,347
	2,574,751,347	2,664,751,347

Amounts owed by related parties are analysed as follows:

		31 December 2004 €	31 December 2003 €
(i)	Loan granted to the parent company on 10 February 2000, repayable on 20 January 2007, bearing interest at 6.26% per annum. The principal amount of the loan facility was initially set at approximately €1,093 million, but following amendments, which took place within 2003, the principal amount was set at approximately €1,055 million. A further repayment of €289 million on 12 July 2005 reduced the principal amount to approximately €766 million. (see Note 17).	1,055,323,847	1,055,323,847
(ii)	Loan granted to the parent company on 19 September 2003, repayable on 1 August 2013, bearing interest at 5.22% per annum. The principal amount of the loan facility was initially set at €1,209 million and was amended within 2003 to €1,208 million. This amount was further reduced on 3 November 2004 by €90 million.	1,118,000,000	1,208,000,000
(iii)	Loan granted to the parent company on 13 November 2003, repayable on 1 November 2006, bearing interest at floating rate (EURIBOR plus 0.55%). The principal amount of the loan facility was initially set at approximately €246 million and was amended on 7 January 2004 to approximately €236 million. This amount was further reduced on 11 March and 1 September 2004 by €20 million and €15 million, respectively. On 1 July 2005 the intercompany loan was fully repaid. (see Note 17)	201,427,500	246,427,500

(iv) In 2003 €155 million was granted to Cosmobulgaria Mobile EAD ("CBM"- another OTE Group subsidiary) by intercompany loans. Following various amendments to the initial inter- company loan agreement which took place within 2003, the principal amount of the loan was finally set on 20 December 2003 at €200 million, repayable in three annual instalments: €20 million in October 2006, €20 million in October 2007 and the remaining principal amount outstanding on October 2008 (the Repayment Date), bearing interest at 5.52%. CBM drew down the last €45 million within 2004.	200,000,000	155,000,000
	2,574,751,347	2,664,751,347

On 2 March 2004 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 S.A. 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 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%. In 2004 no amount has been drawn down against this facility. On 8 September 2005, the €350 million Revolving Credit Facility dated 2 March 2005, was cancelled and refinanced by the €350 million Revolving Credit Facility. Following the refinancing of the €350 million Revolving Credit Facility the company shall enter into an inter-company loan agreement with its parent company by which it will make available to OTE S.A. the facility amount (see Note 17).

In July 2005 OTE PLC provided two intercompany loans to Cosmote of €201 million and €289 million bearing interest rate at euribor + 0.30% and maturity November 2006 the former and February 2007 the latter (see Note 17).

On 6 September 2005 the company provided an intercompany loan to Cosmote Mobile Telecommunications S.A., a fellow subsidiary company, of €500 million, bearing interest euribor + 0.2225% and maturity on September 2010 (see Note 17).

8. Creditors: Amounts falling due within one year

	31 December	
	2004	**2003**
	€	**€**
Interest payable on guaranteed notes	86,632,684	86,688,837
Interest payable on inter-company loan	-	2,200,000
Commitment fee on revolving credit facility	23,334	-
Accruals and deferred income	178,843	54,100
	86,834,861	88,942,937

On 19 September 2003, OTE PLC 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 OTE S.A., up to a maximum aggregate amount of €500,000,000

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 took place as of the date of this report.

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

	31 December	
	2004	2003
	€	€
In more than one year but not more than two years	249,494,331	-
In more than two years but not more than five years	1,097,514,379	1,435,674,931
In more than five years	1,238,155,607	1,237,079,681
	2,585,164,317	2,672,754,612

Amounts falling due after more than one year are mainly long term debt from issued Guaranteed Notes, net of the unamortised balances of net discounts and issuance expenses. These are analysed as follows:

		31 December	
		2004	2003
		€	€
(i)	Guaranteed Notes issued on 7 February 2000, at an aggregate principal amount of €1.1 billion, due on 7 February 2007, bearing interest at 6.125%	1,097,514,379	1,096,432,337
(ii)	Guaranteed Notes issued on 5 August 2003, of €1.25 billion, due on 5 August 2013, bearing interest at 5%. These notes were issued under the Global Medium Term Note Programme at an aggregate principal amount of €1.5 billion.	1,238,155,607	1,237,079,681
(iii)	Guaranteed Notes issued on 13 November 2003, of €250 million, due on 13 November 2006, bearing interest at floating rate (EURIBOR plus 0.45%). These notes were issued under the Global Medium Term Note Programme at an aggregate principal amount of €1.5 billion.	249,494,331	249,242,594
(iv)	Intercompany loan granted from the parent company, OTE S.A., on July 2003 of €90 million, bearing interest at 5%, due on 20 October 2008. This loan was repaid in full on 3 November 2004.	-	90,000,000
		2,585,164,317	2,672,754,612

The acquisition of majority control of the main Romanian telecommunication services provider, Romtelecom S.A. and its subsidiary, Cosmorom S.A., which took place in March 2003, caused, among others, a non payment default to OTE S.A. and the Company, due to the financial difficulties and overdue payments of Cosmorom.

At a meeting of holders of Notes held on 30 June 2003, the Company obtained the consent of the requisite majority of holders of the notes to waivers of the defaults and proposed amendments of certain conditions mentioned as events of default as well as negative pledge covenants. In connection with the Waivers and proposed amendments OTE S.A. and OTE PLC agreed to pay certain amounts by way of consent payments in cash an amount of €2,280,693. This amount 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.

Also, on 16 September 2003, OTE S.A. 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 process of preparing the necessary documentation and obtaining appropriate approvals in order to enforce its parent company's decision was concluded within November 2004.

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

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

Furthermore, 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 S.A. 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 S.A. In 2004 no amount has been drawn down under the facility. On 15 February 2005 the Company received a unanimous approval by the consortium of banks to the extension the facility for another year (see Note 17). On 8 September 2005, the aforementioned facility was cancelled and refinanced by a new €350 million Revolving Credit Facility (see Note 17). As of the issuance of these financial statements, the Company has not drawn down any funds against this facility.

10. Called-up share capital

	31 December	
	2004	**2003**
	€	**€**
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.

11. Profit and Loss Account

	€
At 1 January 2004	(3,076,997)
Profit for the period	1,578,135
At December 2004	(1,498,862)

12. Reconciliation of movements in shareholders' deficit

	31 December	
	2004	2003
	€	€
Total recognised profit/ (loss) for the year	1,578,135	(2,665,469)
Net (increase)/ decrease in shareholders' deficit	1,578,135	(2,665,469)
Shareholders' deficit at 1 January	(2,996,921)	(331,452)
Shareholders' deficit at 31 December	(1,418,786)	(2,996,921)

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 S.A. and the consolidated financial statements of OTE S.A. 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	2,585,164,317	2,719,240,000

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 2004 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.

Within 2003 the inter-company loan agreement was amended and on 1 January 2004 the principal amount was set at €1,055,323,847. A further repayment on 12 July 2005 of €289 million reduced the principal amount outstanding to €799 million (see Note 17).

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. This amount was further reduced to €1,118,000,000 on 3 November 2004, since the Company has set off an inter-company loan owed to OTE S.A. of €90,000,000 (see Note 9).

The Company has also lent another OTE Group subsidiary, CBM, an aggregate principal amount finally set at €200,000,000, bearing interest at 5.52%, repayable in 5 years from the previous signature date, which took place on 10 October 2003.

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 initially lent to the parent company at EURIBOR plus 0.55%. Following amendments within 2004 this amount was finally set at €201,427,500. The outstanding principal amount was fully repaid on 1 July 2005 (see Note 17).

On 2 September 2005 OTE PLC signed a €850 million Syndicate Credit Facility guaranteed by OTE S.A. The facility consists of a €500 million Term Loan and a €350 million Revolving Credit Facility (see Note 17).

15. Continued support from parent company

The ultimate parent company, OTE S.A. 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 2004.

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) On 20 January 2005 OTE S.A. Board of Directors approved to raise the aggregate principal amount of notes under the Global Medium Term Note Programme from €2.5 billion to €3.5 billion. As of the issuance of these financial statements the parent company's decision has not been enforced.

Notes to the financial statements
As at 31 December 2004

(ii) In July 2005 OTE PLC provided two intercompany loans to Cosmote of €201 million and €289 million bearing interest rate at euribor + 0.30% and maturity November 2006 the former and February 2007 the latter.

(iii) On 1 July 2005, OTE S.A. repaid the balance, plus accrued interest, of the intercompany loan granted by OTE PLC on 13 November 2003 (€201,427,500) at 100.5% (market rates).

(iv) On 12 July 2005, the balance of the loan facility granted to the parent company on 20 January 2007, bearing interest at 6.26% per annum was further reduced from €1,055 million to approximately €766 million due to a repayment of capital of €289 million. The repayment was made at 106% (market rates).

(v) On 2 September 2005 OTE PLC signed a €850 million Syndicated Credit Facility guaranteed by OTE S.A. The facility consists of a €500 million Term Loan and a €350 million Revolving Credit Facility. The main terms of the facility are: the interest rate is floating euribor + margin. The margin is adjustable based on OTE S.A. long term credit rating. With the current OTE S.A.'s credit rating the margin is 0.2125% p.a. for the Term Loan and 0.1875% p.a. for the Revolving Credit Facility. Commitment fee is 0.30% of the applicable margin. The facility matures in September 2010 and has an extension option of 1+1 year subject to lenders' consent. The main purpose of the facility is the refinancing of Cosmote's existing debt and the refinancing of the €350 million revolving credit facility dated 2 March 2004 used as back stop facility to the commercial paper program.

(vi) On 6 September 2005 OTE PLC drew €500 million under the Term Loan and provided an intercompany loan to Cosmote of the same amount, bearing interest euribor + 0.2225% and maturity September 2010.

(vii) On 8 September 2005, the €350 million Revolving Credit Facility dated 2 March 2005, which on 15 February 2005 was extended for another 364 days to 28 February 2006, was cancelled and refinanced by the €350 million Revolving Credit Facility, which is part of the new €850 million Syndicated Credit Facility. As of the issuance of these financial statements, the Company has not drawn down any funds against this facility.

(viii) On 13 September 2005 the company entered in an Interest Rate Swap (IRS) agreement with Morgan Stanley for the amount of €289 million until 7 February 2007. Under the IRS the company will pay annually euribor + 3.7775% and will receive 6.125%.