OTE INTERNATIONAL SOLUTIONS S.A.

Financial statements for the year ended 31 December 2008 in accordance with International Financial Reporting Standards (IFRS)

These financial statements were approved by the Board of Directors of OTE International Solutions SA on the 11th of February 2009 and are available online at the site www.oteglobe.gr

OTE INTERNATIONAL SOLUTIONS S.A.

COMPANY REGISTRATION NUMBER 46809/01AT/B/00/365

ZINONOS ELEATOU & AGISILAGOU 6-8, MAROUSI 151 2

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

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OTE INTERNATIONAL SOLUTIONS S.A.

(amounts in Euro unless stated otherwise)

OPERATING RESULTS FOR THE YEAR ENDED 31 DECEMBER

	Notes	01.01-31.21.2008	01.01-31.21.2007
Turnover			
Income from data and international telephony services		170,597,332	142,660,104
Income from commissions		7,553,667	22,400,798
Total turnover		**178,150,999**	**165,060,902**
Charges from international telecommunications carriers		(143,503,397)	(136,817,480)
Gross profit		**34,647,602**	**28,243,422**
Other income	7	3,397,182	2,506,879
Employee expenses	8	(10,834,612)	(8,680,894)
Depreciation	13,14	(16,942,788)	(12,852,104)
Other expenses	9	(6,947,022)	(8,066,995)
Operating profit before additional depreciation		**3,320,362**	**1,150,308**
Additional depreciations due to adjustment of useful lives	13	(33,667,209)	-
Operating (loss) / profit		**(30,356,847)**	**1,150,308**
Finance income	10	1,121,475	761,148
Finance expenses	11	(50,238)	(110,700)
Foreign exchange differences		(258,788)	403,329
(Loss) / Profit before tax		**(29,544,398)**	**2,204,085**
Income tax	12	(6,799,680)	(1,591,801)
(Loss) / Profit for the period		**(22,744,718)**	**612,284**

The notes on pages 7 to 31 are an integral part of the financial statements.

The financial statements appearing on pages 3 to 31 were approved by the Board of Directors on the 11th of February 2009 and are signed on behalf of the Board of Directors by the following:

Chairman of the BOD	Managing Director	Financial Director	Head of the Accounting Dept.
Michael Tsamaz	Konstantinos Andreou	George Kiapokas	Andreas Galiatsatos
I.D. no AB 516212	I.D. no X 069599	I.D. no M 943692	I.D. no AE 049899 LICENSE NO. A' CLASS 0015278

OTE INTERNATIONAL SOLUTIONS S.A.
(amounts in Euro unless stated otherwise)

BALANCE SHEET AT 31 DECEMBER

ASSETS	Notes	2008	2007
Non-current assets			
Property, plant and equipment	13	120,968,003	144,813,099
Intangible assets	14	3,743,757	1,692,685
Available for sale investments	15	906	662,982
Other non-current receivables	17	41,004,338	14,958,762
Deferred taxes	16	9,800,821	1,601,859
Total non-current assets		**175,517,825**	**163,729,387**
Current assets			
Customers and other receivables	18	109,968,604	89,389,695
Cash and cash equivalents	19	12,009,615	39,113,845
Total current assets		**121,978,219**	**128,503,540**
TOTAL ASSETS		**297,496,044**	**292,232,927**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	163,697,462	163,697,462
Other reserves	21	835,979	752,979
(Accumulated losses) / Retained earnings		(9,524,3250)	13,303,393
Total equity		**155,009,116**	**177,753,834**
LONG-TERM LIABILITIES			
Retirement benefit obligations	22	1,298,125	832,978
Other provisions		257,317	159,101
Total long-term liabilities		**1,555,442**	**992,079**
SHORT-TERM LIABILITIES			
Suppliers	23	105,128,997	91,891,353
Deferred income		10,287,666	7,225,875
Income tax		91,884	(675,603)
Other short-term obligations	24	25,422,939	15,045,389
Total short-term liabilities		**140,931,486**	**113,487,014**
TOTAL LIABILITIES		**142,486,928**	**114,479,093**
TOTAL EQUITY AND LAIBILITIES		**297,496,044**	**292,232,927**

The notes on pages 7 to 31 are an integral part of the financial statements.

OTE INTERNATIONAL SOLUTIONS S.A.

(amounts in Euro unless stated otherwise)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	01.01-31.21.2008	01.01-31.21.2007
(Loss) / Profit before tax	**(29,544,398)**	**2,204,085**
Adjustments for:		
Depreciation	50,619,997	12,852,104
Profit from the sale of property, plant and equipment (note 7)	-	(748)
Profits from the sael of available for sale investments (note 10)	(146,343)	-
Interest income (note 10)	(975,132)	(761,148)
Interest expense (note 11)	50,238	110,700
Provision for doubtful clients (note 18)	627,865	90,519
Provision for retirement benefit obligations.(note 8)	526,266	473,441
Operating profit before changes in working capital	**21,158,493**	**14,968,953**
Changes in working capital		
(Increase) in customers and other receivables	(21,206,774)	(29,883,140)
Increase in suppliers	7,851,435	52,887,098
Increase in deferred income	3,061,791	2,795,461
Increase / (Decrease) in other short-term obligations	10,731,290	(3,411,328)
Increase in other non-current receivables	(26,045,576)	(13,860,374)
Increase in other long-term liabilities	98,216	159,101
Income tax paid	(631,794)	(4,372,402)
Interest paid	(50,238)	(110,700)
Benefit paid	(61,119)	(46,157)
Net cash (outflows) / inflows from operating activities	**(5,094,276)**	**19,126,512**
Cash flows from investment activities		
Absorption of international assets and international cable infrustructure segments		(136,615,613)
Purchases of property, plant and equipment	(26,161,198)	(13,660,108)
Purchases of intangible assets	(3,018,515)	(1,797,645)
Proceeds from sale of property, plant and equipment	-	10,759
Proceeds from sale of available for sale investments	808,419	-
Interest received	975,132	761,148
Net cash flows used in investment activities	**(27,396,162)**	**(151,301,459)**
Cash flows from financing activities		
Proceeds from the issuance of nominal shares for the absorption of the international assets and international cable infrustructure segments	-	132,818,465
Proceeds from the issuance of nominal shares	-	29,999,997
Share capital increase expenses	-	(1,678,724)
Net Cash flows from financing activities	**-**	**161,139,738**
(Decrease) / Increase in cash and cash equivalents	**(32,490,438)**	**28,964,791**
Cash and cash equivalents at 1 January	35,783,173	6,818,382
Cash and cash equivalents at 31 December (note 19)	**3,292,735**	**35,783,173**

The notes on pages 7 to 31 are an integral part of the financial statements.

OTE INTERNATIONAL SOLUTIONS S.A.
(amounts in Euro unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	(Accumulated loss) / Retained earnings	Total equity
Balance 1st January 2007	**879,000**	**752,979**	**14,369,832**	**16,001,811**
Share capital increase	162,818,462	-	-	**162,818,462**
Expenses for the share capital increase	-	-	(1,678,724)	(1,678,724)
Net profit for the year	-	-	612,284	612,284
Other adjustments	-	-	1	**1**
Balance 31st December 2007	**163,697,462**	**752,979**	**13,303,393**	**177,753,834**
Statutory reserve	-	83,000	(83,000)	**-**
Net loss for the year	-	-	(22,744,718)	**(22,744,718)**
Balance 31st December 2008	**163,697,462**	**835,979**	**(9,524,325)**	**155,009,116**

The notes on pages 7 to 31 are an integral part of the financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1. General

OTE INTERNATIONAL SOLUTIONS SA (the "Company") is engaged in the provision of wholesale voice and capacity services as well as the provision of integrated solutions and value added services. The Company is a wholly owned subsidiary of OTE S.A. with the company name "OTE INTERNATIONAL SOLUTIONS" and the trademark designation "OTEGlobe."

The Company is active in Greece and in various foreign countries. The address of its registered office is Zinonos Eleatou & Agisilaou 6-8, municipality of Amarousion, Attiki, Greece. The web site address of the Company is www.oteglobe.gr.

2. Basis for presentation

2.1 Note on conformity

The financial statements have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S) as adopted by the European Union. The financial statements were approved by the Board of Directors on the 11 February 2009. These financial statements are subject to the approval of the annual general meeting of shareholders.

2.2 Basis for Valuation

The financial statements have been prepared using the historical cost convention with the exception of available for sale financial assets which are measured at fair value. The methods of valuation for arriving at fair value are analysed in detail in note 6.

2.3 Functional currency and presentation currency

The financial statements are presented in EURO, which is the functional currency and the presentation currency of the Company.

2.4 Significant accounting estimates and judgements of Management

The estimates and judgements of Management are continuously re-evaluated and are based on historical data and expectations of future events which are considered reasonable at the balance sheet date. The company makes estimates and judgements regarding the development of future events. The estimates and judgements that have a significant risk of causing substantial adjustments to the carrying amounts of assets and liabilities in the next 12 months include the following:

(a) **Provisions against receivables**: Management of the Company periodically evaluates the adeqacy of receivables provisions in respect of doubtful debts considering the Company's normal cerdit terms to customers.

(b) Provision for income tax: The income tax provision in terms of IAS 12 is based on the tax that would be payable to the tax authorities and includes the current tax for each year, provision for additional taxes and possible future tax obligations. The final determination of income tax may differ from the amounts that have been provided for in the financial statements.

(c) Depreciation rates: The fixed assets of the Company are depreciated based on their estimated useful lives. These estimated useful lives are re-evaluated periodically to determine if they are still appropriate. The actual useful lives of fixed assets may differ due to factors such as technological obsolecence and levels of maintenance.

(d) Impairment of property, plant and equipment: Property, plant and equipment is evaluated for impairment purposes when facts and changes in circumstances indicate that the book values may not be reaslisable. For the purposes of determining value in use, Management evaluates future cash flows from the asset in question or the cash generating unit relating to that asset and determines the appropriate discount rate to calculate the present value of these cash flows.

3. Key accounting principles

The accounting principles outlined below have been applied with consistency for the periods presented in these financial statements.

3.1 Transactions in foreign currency

Transactions in foreign currencies are converted to the functional currency according to the rate that applies on the date of the transaction. Profits and losses from foreign exchange differences which arise during the settlement of such transactions during the period and by converting the balance sheet date amounts of sums expressed in foreign currency on the date of the balance sheet are included in results for the period. Any foreign exchange differences arising from elements unrelated to currency and which are assessed according to their fair value, will be considered a part of the fair value and therefore are included with the results of the relevant fair value adjustments.

3.2 Property, plant and equipment

Property, plant and equipment are presented at historical cost less accumulated depreciation and any impairment. Historical cost includes all expenses directly associated with the acquisition of the assets.

Any subsequent expenses will either increase the carrying amount of the property, plant and equipment or be recognized as a separate fixed asset only when it is probable that future economic benefits will flow to the Company and it is possible to measure their cost reliably. The cost for repairs and maintenance is charged to the income statement in the accounting period in which they occur.

Depreciation of the components of property, plant and equipment is calculated on a straight line basis over the estimated usefull lives of the assets. The depreciation rates used are as follows:

	Estimated useful life in years
- Buildings	12
- Machinery and Technical Installations	3,3 -15
- Furniture and other equipment	3,3 - 5

When the carrying amount of the tangible assets exceeds their recoverable amount, the difference (impairment) is recorded immediately as an expense in the income statement.

Upon the sale of property, plant and equipment assets, the difference between the proceeds and their carrying amount is recognized as a gain or a loss in the income statement.

3.3 Impairment of assets

Assets that have an indefinite useful life are not depreciated and are subjected to impairment testing annually or sooner if there have been events which indicate that the accounting value may not be recoverable. At the balance sheet date the Company did not have any assets with indefinite useful lives.

The assets that are depreciated are impairment tested when there are indications that it will not be possible to recover their carrying amount. The recoverable amount of an asset or of a cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on future estimated cash flows discounted to present value using a pre-tax rate that reflects current market conditions of the time value of money as well as the specific risks associated with the asset.

The impairment losses are included as expenses in the income statement when they arise.

3.4 Intangible assets

Individually acquired intangible assets are recorded at historical cost, whereas intangibles acquired through a business acquisition are recorded at fair value at their date of acquisition. Intangibles may have finite or infinite useful lives. The cost of intangibles with a finite useful life is amortised over their estimated useful lives on a straight line basis. The cost of intangibles with an infinite useful life is not amortised. Residual values are not recognised. The useful lives of intangibles are estimated on an annual basis as follows:

	Estimated useful life in years
Software	3,3 years

Any subsequent expenses with respect to intangible assets are recognized only when it is probable that future economic benefits will flow, and are included in the carrying value of the respective intangible asset. Other costs are charged to the income statement in the accounting period in which they occur.

3.5 Leases

A lease which transfers the rights and obligations (risks) arising from ownership of an asset to the lessee, is considered as a finance lease and the lessee is considered as having acquired an asset and undertaken an obligation. In this case, the lease payment is divided between financing expenses (interest) and decreasing the obligation that was undertaken. Financing expenses are recorded directly in the income statement.

Finance leases are recorded at the lower of the fair value of the asset and the present value of the minimum lease payments at the lease’s commencement. Reduced by accumulated depreciation or impairment losses.

All other leases are considered to be operating leases and with the exception of investment property, the leased assets do not appear on the Company’s balance sheet.

The Irrevocable Rights of Use – IRU’s relate to the right of use of a part of the capacity of overground or underground cabling for a specified period of time.

3.6 Financial assets

The Company's financial assets are allocated to the following categories:
(a) Available for sale financial assets
(b) Receivables
(c) Financial assets at fair value through the income statement

Purchases and sales of financial assets are recognized on the date of the transaction which is the date at which the Company commits to purchasing or selling an asset. Financial assets are initially recognized at their fair value plus transaction costs. Investments are derecognised when the right to cash flows from investment expires or is transferred and the Company has substantially transferred all risks and rewards of ownership.

(a) Available for sale financial assets

This category includes non derivatives that are either designated in this category or not classified in any of the other categories.

Subsequently available for sale financial assets are assessed at their fair value and the related gain or loss is recorded as equity reserves until these assets are sold or suffer an impairment. Following the sale or the impairment any gains or losses will be transferred to the income statement.

The fair values of financial assets that are traded in stockmarkets are measured according to current stockmarket prices. With respect to assets that are not negotiated in stockmarkets, the fair values are measured with the use of valuation techniques such as the analysis of recent transactions, reference to instruments that are substantially the same and discounted cash flows.

At each balance sheet date the Company assesses whether there is objective evidence that would lead to the conclusion that the financial assets have suffered an impairment. In the case of equity securities classified as available for sale, such an indication would be the significant or prolonged decline in the fair value of the security below its cost. If an impairment is proven then the cumulative loss in equity, which is the difference between the acquisition cost and the fair value, will be transferred to the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

(b) Receivables

The accounts receivable (short-term) are initially recognized at their fair value. After initial recognition they are assessed at this value minus any impairment which has occurred. At the date when the financial statements are drawn up, the recoverability of the accounts is assessed on the basis of historical and statistical data and a provision is made regarding any possible losses which may be quantified. The provision is evaluated and adjusted the results of which is reflected in the results of period. Any receivables that are considered not to be recoverable are written off. Any write off of such receivables is made through this provision.

(c) Financial assets at fair value through the income statement

Financial assets classified as held for trading are investment acquired with a view to selling in the short term. Gains / losses from these financial assets are reflected in the results for the period.

3.7 Share Capital

The share capital comprises the Company's issed shares.

Direct expenses for the issue of shares, after the related income tax has been deducted, will be reflected as a deduction from equity.

3.8 Income tax

The income tax charge for the year comprises current tax and any deferred taxes. Income tax is recorded in the income statement except the case when it relates to items reflected directly in equity, in which case it is recorded in equity.

The current income tax rate is estimated on taxable income for the period, based on the tax rates that apply at the balance sheet date.

Deferred income tax is calculated using the liability method on the temporary difference that arises between the tax base and the accounting base of the assets and liabilities.

Deferred taxes are calculated on the basis of the tax rates that are in force at the date of the balance sheet.

Deferred tax assets are recongised for all estimated temporary difference, deferred tax receivables and tax losses, to the extent that there will be a future taxable profit that can absorb the estimated temporary difference, deferred tax receivables and tax losses.

The value of the deferred tax asset is tested for impairment at each date of balance sheet and it is decreased to the extent that it is not expected that there will be enough taxable income to cover the deferred tax asset.

Deferred income tax assets and liabilities are determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled and are based on tax rates (and tax laws) that are in effect or have been adopted at the balance sheet date.

Deferred income tax assets and liabilities are set off if a legal right to set off exists for current tax assets and liabilities andand the deferred tax relates to the same legal entity and the same tax authorirites.

Additional income taxes arising from dividend distribution are recognised the moment the payment obligation is recognised for the respective dividends.

3.9 Employee Benefits

a) Defined contribution plans

Obligations for contributions from defined contribution plans are recorded as an expense in the income statement at the time that they occur.

b) Defined benefit plans

Liabilities arising from defined employee benefits plans will be calculated at the present value of the future benefits payable to employees which arise at the date of the balance sheet. These obligations are calculated on the basis of financial and actuarial assumptions unising the projected unit credit method.

The net cost of the accounting period is included in the results and consists of the present value of the obligation which is realised during the accounting period, interest for the future obligation, the cost of past service and the realised actuarial gains or losses. The unrealised cost of past service is recognized over the average remaining service period of employees which are expected to receive these benefits. The unrealised actuarial gains or losses will be recognized during the average remaining period of service for active employees and will be included in the net cost for the period if during the beginning of the period they were in excess of 10% of the estimated future obligation.

3.10 Other provisions

Provisions are recognized when the Company has a present commitment (legal or constructive) as a result of past events and if it is possible that there will be an outflow of resources which embody financial benefits for the arrangement of the commitment and its amount can be measured relaibly. If the consequence is significant, the provisions will be recognised on a present value basis of the expected future cash outflows, using an interest rate before tax which reflects the current market estimates of the time value of money and the associated risks attached to the obligation. When provisions are discounted the increase in the provision due to the time value of money is recorded as loan cost. Provisions are re-evaluated at each balance sheet date and if it is no longer probable that there will be outflow of resources for the settlement of the obligation, the provisions will be reversed. Provisions are used only for the reason for which they were originally made. Provisions for future losses are not recognized. Possible claims and obligations are not recognised but appropriately discolsed.

3.11 Revenue recognition

Income includes mainly the fair value of income for the provision of services and does not include Value Added Tax, discounts and returns.

(a) *Provision of Services*: The income from the provision of services is recognized at the time when they were provided.

(b) *Income from connection fees or fixed fee income*: Income from connection fees or fixed fee income is recognised in the month in which the telecommunication services are provided. Income that has not yet been invoiced, being income that arises between the invoicing date and the reporting date, is measured based on the telecommunication traffic and is accounted for at the end of each month.

(c) *Income from dividends*: Income from dividends is recognised at the date when their distribution is approved.

(d) *Income from sale of capacity*: Income from the sale of capacity of overground or underground cables (irrevocable right of use “IRU”) is recognised on a straight line basis over the duration of the contract.

(e) *Income from interest*: Income from interest is recognized when the interest becomes payable using the effective inetrest rate method.

3.12 Subsidies

The subsidies that relate to the acquisition of any fixed asset are presented as a deduction against the value of the related fixed asset and it is recognized in the results over the estimated useful life of the asset concerned.

3.13 Derecognition of Financial Receivables and Obligations

a. Financial assets: Financial asset (or a part of a financial asset or a part of a group of financial assets) are derecognised when :

- The rights for the flow of cash revenues have expired.
- The company maintains the right in the flow of cash from the particular asset but has simultaneously undertaken an obligation to a third party to settle completely and without significant delay, under a contract of transfer.
- The company has transfered the right in the flow of cash from the particular asset while at the same time (1) has transfered substantially all related risks and rewards or (2) has not has transfered substantially all related risks and rewards, but has transfered the control over the particular asset. Where the Company has transfered the rights to the cash flows realted to the asset but at the same time has not has transfered substantially all related risks and rewards or the control of over the particular asset, then the asset it is recognized to the estent of the Company's continuing involvement in the financial asset. The continuing involvement which has the form of a guarantee over the transferred asset it is valued in the lower value between the initial value of the financial asset and the maximum amount that the Company may be called to repay. When the continuing involvement is in the form right to buy and / or sell a financail asset (including rights that are cash settled), the degree of continuing involvement is the value of the transferred asset that the Company will be required to re-purchase, with the exception of financial assets that are valued at fiar value, where the degree of continuing involvement of the Company is the lower of the fair value of the transferred asset and the price at which the right will be exercised.

b. Financial liabilities: Financial liabilities are derecognised when the relative obligation is waived, is cancelled or has expired. In the case where a financial liability is replaced by another from the same lender but with substantially different terms, or where the terms of an existing obligation have substantially been modified, this exchange or the modification it considered to be a settlement of the original obligation and the recognition of a new obligation and where the difference in the accounting values of the two obligations is reflected in the resluts of the Company.

3.14 Cash and Cash equivalents

The company considers time deposits and other highly liquid deposits with an initial expiry period of less than three months as cash and cash equivalents.
For the purposes of the cash flow statement, cash and cash equivalents comprise cash and deposits at banks, as well as cash time deposits and other highly liquid deposits as described above.

4. Financial Risk Management

General

The Company is exposed to the following types of financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note provides information on the exposure of the Company to each one of the above mentioned types of risk. It provides information on the targets, the policies and the procedures that are applied for measuring and managing these risks as well as information on capital management.

The management of the Company is responsible for creating and supervising the risk management policy of the Company.

The risk management policy of the Company is aim to identify and analyse the risks to which the Company is exposed to, to set limits of tolerance and to monitor the risks identified. The risk management policies and the related systems are examined periodically so that any changes in the market or the Company's activities are incorporated. Through educational seminars and through placing procedures to monitor the application of the policies set by management, the Company aims to develop an effective environment in which all employees are aware of their roles and obligations.

Credit risk

Credit risk is the risk that the Company will suffer a loss if a customer or a third party, as a result of any financial transaction, fails to meet his contractual obligations and it mostly relates to receivables from customers and cash and cash equivalents.

a) Customers and other receivables

The exposure of the Company to credit risk is mainly affected by the peculiarities of each client. The demographic features of the Company's client base, including the risk of default in payments that is characteristic to the particular market and the country in which the customers operate, affect credit risk to a lesser extent. Approximately 6% of the income of the Company arises from sales to one customer, excluding revenue generated from the OTE Group. However, a geographical concentration of credit risk is not observed.

The Company has put in force a credit policy based on which each new customer's creditworthiness is examined on an individual basis before offering the usual terms of payment (30 days). The assessment of customer creditworthiness includes the examination of bank resources and other relevant resources, where these exist. Credit limits are set for each customer where delays in payment occur. The Company has receivables from OTE Group companies that amount to approximately 52% of its annual income and consequently the credit risk on these receivables is low. In addition, approximately 27% of these balances concern mostly large telecommunication providers, who are also suppliers to the Company through telephone traffic exchange, the risk of default of payments of these customers is minimal.

In monitoring the credit risk of these customers, they are grouped not only according to their credit characteristics, but also if they are Voice or Data customers and whether they are also suppliers. Customers and other receivables only comprise wholesale customers of the Company.

The Company records impairment losses based on its estimates for losses concerning customer and other receivable balances and investments in securities. Impairment losses mainly comprise losses arising from impairment of specific customers that have been characterized as high risk.

b) Investments

The company limits its exposure to credit risk by investing only in short term deposits which due to their short term nature have limited risk. The Company does not possess listed securities, but possesses.

c) Exposure to credit risk

The carrying amount of the financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the balance sheet date was as follows:

	31 December	
	2008	**2007**
Available for sale financial assets	906	662,982
Customers (prior to impairment provision)	77,833,753	89,917,170
Cash and cash equivalents	12,009,615	39,113,845

The maximum exposure to credit risk of trade receivables at the balance sheet date per customer category was as follows:

		31 December	
	Note	**2008**	**2007**
Related party receivables	1	48,498,700	67,503,644
Customers that are simultaneously suppliers			
(net settlement of receivable/payable balance)	2	22,384,787	11,314,752
Other customers	3	11,356,370	11,098,774
Less: Provisions for doubtful clients		(4,406,104)	(3,809,919)
		77,833,753	86,107,251

1) Transactions with related companies amount to 62% of total receivables and are not exposed to credit risk. The company considers as related companies: OTE and the subsidiary companies and for the period from 1st July to 31st December 2008 the company Deutsche Telecom and the subsidiary companies.

2) If the respective payable balance is taken into account for these customers, in their simultaneous role as suppliers, the maximum exposure on net receivables would amount to € 2,738,284.54

3) The highest trade receivable balance in this category relates to a customer with a balance of €4,166,646.17, accounting for 36% of this category.

d) Impairment losses

The aging of receivables at the Balance sheet date was as follows:

	31 December	
	2008	**2007**
Not due	25,444,661	72,259,186
0-30 days	38,667,432	4,776,345
31-60 days	4,168,967	1,425,520
61+ days	9,552,693	7,646,200
	77,833,753	**86,107,251**

The movement in the provision of impairment of receivables during the year was as follows:

	31 December	
	2008	**2007**
Balance at 1 January	(3,809,919)	(3,915,918)
Provision for receivables impairment	(627,865)	(90,519)
Receivables written off	31,680	196,518
Balance at 31 December	**(4,406,104)**	**(3,809,919)**

The Company has created a provision on the doubtful balances. Based on historical records on delays in payment, the Company does not consider it necessary to make an impairment provision for receivables that are due for over 60 days, since the largest percentage of these concern balances due from related parties, and the remaining balances are due from customers who have a healthy credit record.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle its financial obligations when these become due. The Company manages liquidity risk by securing, as much as possible, that there will always be sufficient liquidity for it to meet its financial obligations when these fall due, under usual but also difficult conditions, without suffering unacceptable losses or setting the Company's reputation in danger.

Generally, the Company secures that it has sufficient cash to cover its operational needs for a period of 60 days. This policy does not take into account the respective impact from conditions that cannot be predicted, such as natural disasters.

Set out below are the balances of financial liabilities:

31 December 2008

	Account Balance
Related party payables	82,581,406
Suppliers that are simultaneously Customers (net settlement of receivable/payable balance)	17,427,817
Other suppliers	5,119,774
	105,128,997

31 December 2007

	Account Balance
Related party payables	65,364,509
Suppliers that are simultaneously Customers (net settlement of receivable/payable balance)	17,702,932
Other suppliers	8,823,912
	91,891,353

The maturity of the Company's liabilities as at 31 December 2008 is in less than 1 year.

Market risk

Market risk comprises the impact on cash flows resulting from the risk of changes in currency exchange rates, interest rates, and share prices, and that are likely to affect the Company's financial instruments. The Company's market risk management policy aims to control the Company's exposure to these risks by setting a frame of acceptable parameters, and simultaneously optimizing its returns.

a) Interest rate risks
The only interest-bearing balances are bank balances resulting in limited risk exposure to the Company.

b) Foreign exchange risk
Foreign exchange risk does not materially affect the Company's operations since it has no material transactions in foreign currency.

Capital risk management
Management's policy is to maintain a strong capital base in order to preserve the level of trust creditors and the market has in the Company and to allow future development in the activities of the Company. Management also monitors the amount of dividends payable to the Company's shareholders.

5. New standards and interpretations that have not yet been adopted

5.1 The following new interpretations had obligatory application for first time in the accountant period that began on 1 January 2008.

- ***IFRIC 11 - IFRS 2: Group and Treasury share transactions***
  This interpretation requires where a payment is based on the value of shares of an entity which receives goods or services in return of its treasury shares, to be recorded as payments that are determined based on the value of the shares and are equity-settled, irrespective of how these shares were acquired.

- ***IFRIC 12 - Service Concession Arrangements***
  The EU has not yet adopted this interpretation. This interpretation does not apply to the Company.

- ***IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction***
  IFRIC 14 does not apply to the Company.

5.2 The following new standards, ammendements/revisions in the standards or interpretation have been published but do not have application in the accountant period that began on 1 January 2008 and which have not adopted early the company:

- ***IFRIC 13 – Customer Loyalty Programmes***
  This interpretation is applicable for financial years beginning on or after 1 July 2009. The Company does not expect that this interpretation will impact its financial statements as the Company does not have such programmes in place.

- ***IFRIC 15, Agreements for the construction of real estate***
  This interpretation is applicable for financial years beginning on or after 1 January 2009. The interpretation has retrospective application. The European Union still has not adopted this interpretation. IFRIC 15 will not have any impact on the financial statements as the Company is not active in the related industry.

- ***IFRIC 16, Hedges of a net investment in a foreign operation.***
  IFRIC 16 applies for annual periods beginning on or after 1 October 2008. The European Union still has not adopted this interpretation. This interpretation will not have any impact on the financial statements of the Company.

- ***IFRIC 17, Distributions of not financial property elements in owners.***
  IFRIC 17 applies for annual periods beginning on or after 1 July 2009. The European Union still has not adopted this interpretation. This interpretation will not have any impact on the financial statements of the Company.

- ***IFRIC 18, Transfers of assets from customers***
  IFRIC 18 applies for annual periods beginning on or after 1 July 2009. This interpretation is particularly relevant for the utility sector. It clarifies the requirements in respect of agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).This interpretation has prospective application, but limited retrospective application is allowed. The

European Union still has not adopted this interpretation. This Company is currently investigation the impact of this interpretation.

- ***IFRS 2, Amendment, Vesting conditions and cancellations.***
  The amendment to IFRS 2 is effective for annual periods beginning on or after 1 January 2009. This amendment will not have any impact on the financial statements.

- ***IFRS 3, Amendment, Business combinations and consequential amendments and IAS 27, Consolidated and separate financial statements.***
  Applies for annual periods beginning on or after 1 July 2009. The European Union still has not adopted these amendments. All the changes of above standars will be applied by their date of adoption and will thereafter influence future acquisitions and transactions with minority shareholders from this date and thereafter.

- ***IFRS 8 - Operating Segments***
  IFRS 8 applies for annual periods beginning on or after 1 January 2009. IFRS 8 will not have any impact on the financial statements of the Company.

- ***IAS 1, Revised, Presentation of financial statements.***
  IAS 1 Revised applies for annual periods beginning on or after 1 January 2009. IAS 1 has been revised in order to improve the relevance of disclosure in financial statements. The key changes are: the requirement that the statement of changes in equity include only transactions with shareholders, the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income", and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group will apply these amendments and make the necessary changes to the presentation of its financial statements in 2009.

- ***IAS 32 and IAS 1, Amendment, Puttable financial instruments and obligations arising on liquidation.***
  Applies for annual periods beginning on or after 1 January 2009. The amendments to IAS 32 and IAS 1 will not have any impact on the financial statements of the Company.

- ***IAS 23 – Borrowing Costs***
  Applies for annual periods beginning on or after 1 January 2009. The amendment to IAS 23 will not have any impact on the financial statements of the Company.

- ***IAS 39, Financial instruments: recognition and measurement and IFRS 7 Financial instruments: announcements***
  Applies for annual periods beginning on 1 July 2008. The amendment to IAS 39 did not have any impact on the financial statements of the Company.

Amendments to various standards (2008): The first standard issued by the IASB as part of its annual improvements project is "Improvements to IFRS" and comprises a series of small changes to a number of standards so as to achieve more accurate measurement of items and to eliminate differences between standards. Most amendments are applicable for financial years beginning on or after 1 January 2009. Currently the Company is investigating the impact of these amendments. These amendments have not yet been adopted by the EU.

6. Determination of fair values

The fair value of financial instruments which are negotiated in active markets (stock markets) (e.g. derivatives, shares, bonds) is based on the quoted market prices that apply on the date of the balance sheet. The bid price is used for financial assets and the ask price for liabilities.

The fair value of financial assets that are not negotiated in active markets is assessed using valuation techniques and assumptions which are based on market data at the balance sheet date.

The nominal value minus provisions for doubtful claims is used as the basis of determining the fair value of trade receivables. The fair values of financial liabilities for the purposes of their presentation in the financial statements are calculated on the basis of the present value of the future cash flows set out in the related contracts and by using the current interest rate which is available to the Company for the use of similar financial instruments.

7. Other income

Other income presented in the financial statements is analysed as follows:

	31 December	
	2008	**2007**
Profit from the provision of services to third parties	2,282,222	1,965,789
Profit from sale of tangible assets sales	-	748
Other	1,114,960	540,342
Total	**3,397,182**	**2,506,879**

8. Employee benefit expenses

Employee benefit expenses presented in the financial statements is analysed as follows:

	31 December	
	2008	**2007**
Salaries and wages	(7,904,708)	(6,046,448)
Social security expenses	(2,324,836)	(2,103,664)
Employee training expenses	(57,961)	(27,270)
Personnel retirement compensation provisions (Note 22)	(526,266)	(473,441)
Other expenses	(20,841)	(30,071)
Total	**(10,834,612)**	**(8,680,894)**

The average workforce size was 150 in 2008 and 135 in 2007.

9. Other expenses

Other expenses presented in the financial statements is analysed as follows:

	31 December	
	2008	**2007**
Maintenance and repairs expenses	(372,764)	(414,744)
Operating leases	(1,915,877)	(1,343,248)
Provision for doubtful debts and other provisions	(726,080)	(1,494,682)
Third party remuneration and commissions	(2,152,596)	(3,149,754)
Tax and duties payable	(42,207)	(49,331)
Expenses for electricity, telecommunications and transportation	(600,302)	(424,602)
Travel expenses	(527,210)	(434,009)
Expenses for promotions, advertising, exhibitions and displays	(475,016)	(536,779)
Expenses for office supplies and consumables	(61,515)	(77,157)
Other	(73,455)	(142,689)
Total	**(6,947,022)**	**(8,066,995)**

10. Finance income

Finance income presented in the financial statements is analysed as follows:

	31 December	
	2008	**2007**
Interest income	975,132	761,148
Profits from available for sale financial assets	146,343	-
Total	**1,121,475**	**761,148**

11. Finance expenses

Finance expenses presented in the financial statements is analysed as follows:

	31 December	
	2008	**2007**
Bank Expenses	(50,238)	(110,700)
Total	**(50,238)**	**(110,7000**

12. Income Tax

In terms of Greek tax laws the tax rate upon which income tax is paid by Greek companies is 25% for 2008 and 2007. The provision for income tax that is presented in the financial statements comprises the following:

	31 December	
	2008	**2007**
Current tax	(1,399,282)	(1,787,386)
Deferred tax (note 16)	8,198,962	195,585
Total income tax expense / (income) presented in the financial statements	**6,799,680**	**(1,591,801)**

The reconciliation of tax, based on the rate that are provided under Greek tax laws, with the profits before tax of the Company is as follows:

	31 December	
	2008	**2007**
Loss / (Profit) before taxes	(29,544,398)	2,204,085
Tax (income) / expense calculated on the basis of current tax rates (25%)	7,386,100	(551,021)
Tax on expenses which are not deductible for the purposes of taxation	(187,192)	(1,040,780)
Tax impact due to reduction in tax rates	(399,228)	-
Taxes	**6,799,680**	**(1,591,801)**

The Greek tax legislation and the relevant provisions are subject to interpretations by the tax authorities. Income tax declarations are submitted to the tax authorities on an annual basis but profits or losses that are declared for taxation purposes remain pending until the tax authorities have audited the taxpayer's income tax declarations and books of account and on the basis of their audits finalize the related tax obligations. Tax losses, to the degree that they are recognized by the tax authorities may be used to offset profits for the five following fiscal years after the fiscal year to which they refer.

Based on Law 2238/1994 the taxation rates will reduce from 25% to 24% in year 2010, 23% the year 2011, 22% the year 2012, 21% the year 2013 and 20% the year 2014 .

The Company has not been tax audited for the fiscal years from 2007 to 2008.

13. Property, plant and equipment

Property, plant and equipment is recorded at original cost reduced by the amount of € 4.919.962 at 31 December 2008 and 2007 that relates to subsidies and grants received. Property, plant and equipment is analysed as follows:

	Buildings	Machinery and Technical Installatioins	Furniture and vessels	Assets under construction	Total
Acquisition value:					
Balance 1st January 2007	442,708	9,482,504	1,203,181		11,128,393
Fixed assets of the adsorbed international operations segment at March 2007		207,934,723		5,155,420	213,090,143
Transfer from assets under construction		5,155,420		(5,155,420)	-
Additions	780,600	11,038,148	745,135	1,096,225	13,660,108
Sales/ Writie offs	-	-	(10,759)		(10,759)
Grants received	-	(4,919,962)	-		(4,919,962)
Balance 31st December 2007	**1,223,308**	**228,690,833**	**1,937,557**	**1,096,225**	**232,947,923**
Additions	15,300	25,875,508	270,390	-	26,161,198
Transfer from assets under construction	-	1,096,225	-	(1,096,225)	-
Sales/ Writie offs	(437,366)	-	(130,626)	-	(567,992)
Balance 31st December 2008	**801,242**	**255,662,566**	**2,077,321**	**-**	**258,541,129**
Accumulated depreciation:					
Balance 1st January 2007	42,478	3,199,815	788,078	-	4,030,371
Accumulated depreciation of the adsorbed international operations segment at March 2007		74,044,352		-	74,044,352
Depreciation	92,123	12,142,590	291,491	-	12,526,204
Sales/ Writie offs	-	-	(539)	-	(539)
Grants received	-	(2,465,564)	-	-	(2,465,564)
Balance 31st December 2007	**134,601**	**86,921,193**	**1,079,030**		**88,134,824**
Depreciation	63,679	15,527,046	384,620	-	15,975,345
Depreciation due to adjustment of useful lives	-	33,677,209	-	-	33,677,209
Sales/ Writie offs	(119,274)	-	(94,978)	-	(214,252)
Balance 31st December 2008	**79,006**	**136,125,448**	**1,368,672**	**-**	**137,573,126**
Net book value 31st December 2008	**722,236**	**119,537,118**	**708,649**	**-**	**120,968,099**
Net book value 31st December 2007	1,088,707	141,769,640	858,527	1,096,225	144,813,099

There are no liens on the fixed assets.

On 3 November 2008, based on a decision of the Company's Asset Evaluation Committee, the Company proceeded to adjust the useful life three (3) cable systems. This adjustment resulted in additional depreciation for 2008 of € 33,677,209. Furthermore the category Machinery and Technical Installations decreased by € 1,382,893.79 as a result of subsidies related to these assets that were written off.

14. Intangible assets

Acquisition value:	**Software**
Balance 1st January 2007	758,920
Assets of of the adsorbed international operations segment at March 2007	121,100
Additions	1,797,645
Balance 31st December 2007	**2,677,665**

Accumulated depreciation:	
Balance 1st January 2007	**562,409**
Accumulated depreciation of the adsorbed international operations segment at March 2007	24,220
Depreciation	398,351
Balance 31st December 2007	**984,980**
Depreciation	967,443
Balance 31st December 2008	**1,952,423**
Net book value 31st December 2008	**3,743,757**
Net book value 31st December 2007	1,692,685

15. Available for sale investments

The financial items that are available for sale include the following:

	% Share	**31 December**	
Non listed participation titles	**31.12.2008**	**2008**	**2007**
OTEnet Telecommunications Ltd	0,00%	-	662,677
Hellas Sat S.A.	0,01%	906	305
		906	**662,982**

The investments are presented at acquisition value since they are not listed on a stock exchange.

16. Deferred Tax Assets

	Balance 1 January 2007	Income statement charge	Balance at 31 December 2007	Income statement charge	Balance at 31 December 2008
Retirement benefit obligation	**101,424**	**106,820**	**208,244**	**51,381**	**259,625**
Receivables	**929,850**	**22,630**	**952,480**	**6,901**	**959,381**
Property, plant and equipment	**-**	**(58,278)**	**(58,2780**	**7,112,678**	**7,054,400**
Expense provisions	**375,000**	**(45,294)**	**329,706**	**1,095,907**	**1,425,613**
Other	**-**	**169,707**	**169,707**	**(67,905)**	**101,802**
Total	**1,406,274**	**195,585**	**1,601,859**	**8,198,962**	**9,800,821**

17. Other non current assets

	31 December	
	2008	**2007**
Guarantees to suppliers	**207,299**	**113,961**
Guarantees for building leases	**-**	**186,608**
Guarantees for car leases	**40,450**	**30,006**
Guarantees to the PPC	**-**	**1,054**
Prepaid expenses	**13,241**	**11,401**
Long-term leasing expense (8 years)	**4,417,292**	**-**
Long-term leasing expense (15 years)	**31,833,723**	**14,615,732**
Other Long-term customer's receivable	**4,492,333**	**-**
Total	**41,004,338**	**14,958,762**

The Long term leasing expense relates to the purchase of national capacity IRU for a term of 8 and 15 years.

18. Customers and other receivables

Customers and other receivables include the following:

	31 December	
	2008	**2007**
Customers	82,239,857	89,917,170
Less: Impairment provisions	(4,406,104)	(3,809,919)
Trade receivables (net)	**77,833,753**	**86,107,251**
Income receivable	24,480,908	1,551,631
Other receivables	7,653,943	1,730,813
Total	**109,968,604**	**89,389,695**

The movement in the provision for impairment of receivables is as follows:

Balance 1st of January	**(3,809,919)**	**(3,915,918)**
Provision for receivables impairment	(627,865)	(90,519)
Receivables written off	31,680	196,518
Balance 31st of December	**(4,406,104)**	**(3,809,919)**

19. Cash and cash equivalents

Cash and cash equivalents include the following:

	31 December 2008	2007
Cash on hand and at banks	3,292,735	5,783,173
Short-term Bank Deposits	-	30,000,000
Sight account-management of international OTE S.A.	8,716,880	3,330,672
Total	**12,009,615**	**39,113,845**

The sight account refers to an account for the management of OTE's International Telephony Traffic by the Company.

The effective weighted average interest rate was:	2008	2007
Cash on hand and at banks	3, 00%	3, 00%
Short-term bank deposits		5, 33%

20. Share Capital

	No. of shares	Ordinary shares
Balance at 1 January 2008	**55,869,441**	**163,697,462**
Balance at 31 December 2008	**55,869,441**	**163,697,462**
Balance at 1 January 2007	**300.000**	**879.000**
Increase in share capital for the adsorption of segment	45.330.534	132.818.465
Increase in share capital	10.238.907	29.999.997
Balance at 31 December 2007	**55.869.441**	**163.697.462**

21. Reserves

	Statutory reserve	Special reserves	Untaxed reserves	Total
Balance at 1 January 2007	**583,801**	**1,411**	**167,767**	**752,979**
Balance at 31 December 2007	**583,801**	**1,411**	**167,767**	**752,979**
Increase Reserves	83,000	-	-	83,000
Balance at 31 December 2008	**666,801**	**1,411**	**167,767**	**835,979**

Statutory reserve: According to the Greek corporate law companies must withhold 5% of their net annual profits after tax in order to form a statutory reserve until the balance of the statutory reserve will be equal or reach at least 1/3 of the share capital. The reserve is not available for distribution but may be used to cover losses, The approval of legal reserve from the profits of 2008 is subject to the approval of the annual general meeting.

Special reserves: This refers to the conversion of the share capital from drachmas to EURO.

Untaxed reserves: Based on special provisions of the Greek tax legislation certain earnings and profits items are not taxed provided that they are not distributed and they are maintained in a particular reserve account. In the event that these reserves are distributed or capitalized they will be taxed at the tax rate on that date. Based on the tax rates applicable on 31 December 2008, the amount of tax that would arise would be €41.942.

22. Personnel retirement compensation provisions

The movement of obligation in the balance-sheet is as follows:

a. Retirement: The employees of enterprise are covered by one of various retirement funds supported from the Greek state. Each employee is required to contribute an amount from his monthly wage to the fund, with the entity also contributing an amount. Upon retirement, the fund is responsible for the payment of pensions of employees. Thus, the enterprise does not have any obligation to pay future benefits upon retirment of employees. The contributions to the funds for the years that expired at 31 December 2008 and 2007 amounted in € 2,324,836 and € 2,103,664 respectively.

b. Personnel retirement compensation: According to the Greek labour law, employees have right of compensation of in the event redundancy or retirement with the amount of the payment calculated according to the wage of employee, the period of service and the way in which the employment was terminated (redundancy or retirement). The employees that resign or are dismissed with cause do not have a right to compensation. The compensation payable in the event retirement is equal to 40% of sum that would be payable for redundancy without cause. In Greece according to the local practice, these programs are not funded. The Company charges the income statement with the benefits that crystalise in each period with corresponding increase in the retirement obligation. The payments of benefits that are made in each period are debited against this obligation.

	31 December	
	2008	**2007**
Balance 1st January	**832.978**	**405.694**
Benefits Paid	(61.119)	(46.157)
Expense that was recognized in the income statements (Note 8)	526.266	473.441
Balance 31st December	**1.298.125**	**832.978**

An international company of independent actuaries determined the estimate in respect of this obligations of Company based on the obligation to pay for employee because retirement. The details and the basic assumptions of actuarial study at 31 December 2008 and 2007 for the Company are :

	31 December 2008	31 December 2007
Present value of un-funded liabilities	1.361.337	1.221.177
Unrecognized actuarial loss	(63.212)	(388.199)
Liability in the balance-sheet	**1.298.125**	**832.978**

	2008	2007
Components of cost of retirement for the period:		
Service cost	297.384	231.534
Interest cost	58.616	39.417
Amortisation of unrecognized actuarial loss	10.825	18.056
Recognition of past service cost	123.116	153.879
Usuall charge to the income statement	489.941	442.886
Cost of additional benefits	36.325	30.555
Total debit in the income statment	**526.266**	**473.441**

Analysis of retirment benefits obligation:	31 December 2008	31 December 2007
Balance 1st January	**1.221.177**	**938.490**
Service cost	297.384	231.534
Interest cost	58.616	39.417
Benefits Paid	(61.119)	(46.157)
Cost of additional benefits	36.325	16.382
Past service cost	123.116	153.879
Actuarial profits/(loss)	(314.162)	(112.368)
Balance 31st December	**1.361.337**	**1.221.177**
Discount rate	5,35%	4,80%
Future salary increases	7,00%	7,00%
Average future employment (in years)	23,87	24,58

23. Suppliers

Suppliers include the following:

	31 December 2008	31 December 2007
Suppliers	22,547,591	26,478,917
Amounts owed to related parties	82,581,406	65,364,509
Other	-	47,927
Total	**105,128,997**	**91,891,353**

24. Other obligations

Other obligations include the following:

	31 December 2008	31 December 2007
Expenses for Telecommunication Services - Accrued	20,354,188	8,042,227
Other Period Expenses - Accrued	3,586,083	2,118,841
Insurance and pension contributions payable	464,941	462,290
Customers advances	244,006	21,099
Other taxes and fees	211,105	2,229,085
Other	562,616	2,171,847
Total	**25,422,939**	**15,045,389**

25. Transactions with related parties

	31 December 2008	2007
i) Sales and purchases of goods and services		
Sales of services:		
To the parent company OTE	74,258,986	80,250,910
To other related parties	16,749,799	21,407,795
	91,008,785	**101,658,705**
Purchases of services:		
From the parent company OTE	31,396,005	39,770,683
From the parent company OTE	49,456,487	42,559,400
	80,852,492	**82,330,083**
Purchases of fixed assets		
From the parent company OTE	2,441,300	-
From the parent company OTE	4,727,050	-
	7,168,350	**-**

Transactions with related parties have been conducted under terms and conditions that are on an arms length basis. Transactions with related parties primarily relate to telecommunications services.

	2008	2007
ii) Key Management compensation		
Salaries and other short term employee benefits	1,172,548	1,125,963
Other long term benefits	301,227	323,160
	1,473,775	**1,449,123**

iii) Balances at the end of the period from the purchase or sale of goods / services

	2008	2007
Receivables from related parties		
From the parent company OTE	91,771,693	73,169,819
From other related parties	11,113,067	10,154,360
	102,884,760	**83,324,179**
Obligations to related parties		
To the parent company OTE	61,065,645	49,349,151
To other related parties	31,392,035	20,035,067
	92,457,680	**69,384,218**

The Company considers as related parties: OTE S.A. and its subsidiaries, the members of the Board of Directors, and also for the period 1st July to 31st December 2008 Deutsche Telecom Company and its subsidiaries.

26. Contingent liabilities / assets

a) Legal issues
The Company faces various claims and court cases arising in the ordinary course of its business. Management believes that, based on the opinions obtained by the legal advisers, the final settlement of these cases is not expected to have a material effect on the financial position of the Company. There are no significant pending legal issues

b) Tax issues
As it is mentioned in note 12, the Company may be liable for additional taxes and penalties which may be imposed by the tax authorities. The tax obligations of the Company have not been examined by the tax authorities for the fiscal years from 2007 to 2008 therefore they have not become final. The outcome of tax audits cannot be predicted at this stage.

27. Operating leases

The company's obligations from leasing relate mainly to national capacity arrangements, the building that it occupies as well as the car leases for its employees. The minimum future leases for these operating leases are:

National Capacity leases	
Up to 1 year	2,874,342
From 1 to 5 years	11,497,367
From 5 years and more	21,879,306
Total	36,251,015

Building leases	
Up to 1 year	547,355
From 1 to 5 years	2,358,628
From 5 years and more	4,104,430
Total	7,010,413

Car leases	
Up to 1 year	222,381
From 1 to 5 years	280,487
Total	502,868

[Translation from the original text in Greek]

AUDIT REPORT
INDEPENDENT CERTIFIED AUDITOR

To the Shareholders of OTE INTERNATIONAL SOLUTIONS S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of OTE INTERNATIONAL SOLUTIONS S.A. (the "Company") which comprise the balance sheet as of 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards that are based on International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Reference to Other Legal and Regulatory Requirements

We confirmed the contents and consistency of the Board of Directors' Report with the accompanying financial statements as well as the contents thereof as required by article 43a of Law 2190/1920.

Athens, 12 February 2009
THE CERTIFIED AUDITOR ACCOUNTANT

CHRISTOS PELENTRIDIS
SOEL REGISTRATION NO. 17831

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