



**OTE INTERNATIONAL
SOLUTIONS SA**

Financial statements as of the 31st of December 2005 according to
International Financial Reporting Standards (IFRS)

These financial statements were approved by the Board of Directors of OTE International
Solutions SA on the 3rd of April 2006 and are available online at the site
www.oteglobe.gr

**OTE INTERNATIONAL SOLUTIONS SA
KIFISSIAS AVE. 217, MAROUSI**

CONTENTS

DIRECTORS REPORT	4
A. General	4
B Important Events in the Company's Operations	5
I. Activities during the Financial Year 2005	5
II. Changes in the Board of Directors of the Company	7
C. Presentation of Financial Results	8
I. Summary – Main Financial Indicators	8
II. Financial Statements	8
D. Company prospects	9
OPERATING RESULTS	11
BALANCE SHEET	12
CASH FLOW STATEMENT	13
STATEMENT OF CHANGES IN EQUITY	14
ADDITIONAL DATA, INFORMATION AND NOTES ON THE FINANCIAL STATEMENTS	15
1. General	15
2. Summary of the main accounting policies	15
2.1 Framework for preparation of Financial statements	15
2.2 Foreign currency translation	15
2.3 Tangible fixed assets	16
2.4 Impairment of assets	16
2.5 Leases	16
2.6 Investments and receivables	17
2.7 Accounts receivable – Provision for doubtful debts	18
2.8 Cash and cash equivalents	18
2.9 Share Capital	18
2.10 Deferred taxation	18
2.11 Programs for Defined Employee Benefits	18
2.12 Other provisions	19
2.13 Revenue recognition	19
2.14 Advertising expenses	19
2.15 Dividends declared	19
2.16 Related parties	19
2.17 Earnings per share	19
3. Financial risk management	20
3.1 Financial risk factors	20
3.2 Determination of fair values	21
4. Significant accounting estimates and judgements of Management	21
5. Other income	21
6. Employee benefit expense	22
7. Other operational expenses	22
8. Finance income / (expenses), net	22
9. Taxes	23
10. Earnings per share	24
11. Tangible fixed assets	24
12. Investments available for sale	25
13. Deferred tax	25
14. Other assets	26
15. Customers and other receivables	26
16. Cash and cash equivalents	26

17. Share Capital.....	27
18. Reserves	27
19. Personnel retirement compensation provisions.....	28
20. Suppliers	28
21. Income tax.....	29
22. Other obligations	29
23. Transactions with related parties.....	30
24. Dividends.....	31
25. Capital commitments.....	31
26. Contingent liabilities and obligations.....	31
27. Operating leases.....	31
28. Events subsequent to the Balance Sheet date	31
29. Transition to IFRS.....	31
29.1 Exemptions from full retroactive application as decided by the Company.....	32
29.2 Exceptions from the full retroactive application of the IFRS that were followed by the Company.....	32
29.3 Reconciliations between the Greek GAAP and the IFRS.....	33
29.3.1 Equity reconciliations at 31st December 2003 and 2004	33
29.3.2 Reconciliation of net profit for the year 2004	34
29.3.3 Balance sheets dated 31 st December 2003 and 2004.	34
29.3.4 Statement of Operating Results for the year 2004.....	36
Certified Auditors Report	37

**REPORT OF THE BOARD OF DIRECTORS OF
OTE INTERNATIONAL SOLUTIONS SA
TO THE ANNUAL GENERAL ASSEMBLY OF THE SHAREHOLDERS
REGARDING THE ACTIVITIES DURING THE 5TH FISCAL YEAR THAT ENDED ON
31ST DECEMBER 2005**

Dear Shareholders,

According to article 43, paragraph 3 of Codified Law 2190/1920, as replaced by article 35 of Presidential Decree 409/86, we submit to the General Assembly the following report regarding the actions, the activities and the corresponding financial statements of the company for the 5th fiscal year which ended on 31.12.2005 for which we ask for approval.

A. General

OTEGlobe is a wholly owned subsidiary of OTE SA with the company name "OTE INTERNATIONAL SOLUTIONS" (the "Company") which started its activities on October 2000 with the objective of being a flexible business formation of the OTE Group in the dynamic environment of the competitive telecommunications market, offering integrated services in select areas of the market with its specialized and high quality international services.

In terms of the Commercial Cooperation Agreement between OTE SA and OTEGlobe, the company has been active in trade, providing international wholesale services in the Greek market and all international telecommunications services in international markets. Specifically, the Company has been focusing its activities in the following areas:

The development, promotion and provision of a large spectrum of Data/IP services, capacities, interconnection products as well as integrated services for voice, data and image transfer and multimedia applications.

Serving Telecommunications Companies (Carriers) both in the Greek and the International market by providing integrated and specialized solutions.

The commercial development and management of OTE's international telephony.

The design, implementation and management of the international network MPLS/IP (MSP).

The provision of integrated and fully managed services of the International Network MPLS/IP to large customer companies and carriers for the area of the Balkans and SE Europe.

B. Important Events in the Company's operations

I. Activities during the Financial Year 2005

During the financial year 01.01.2005 - 31.12.2005, the company was successively active in the following areas:

- √ In the year 2005, the Company concluded more data services agreements (capacity & Data/IP) for a value of 45,3 million euros, an increase of 66.5%, compared to the financial year 2004.

- √ A very important commercial success was the amortization of over 90% of investment, including the upgrade of the new – in operation only for 17 months – high capacity global network, GWEN using successful commercial promotion and having signed agreements for over 65 million euros.

- √ Profits from the sale of data services on the MPLS/IP International Network and international leased circuits were 32.2 million Euros, successfully more than attaining the 31.4 million euros goal which had been set in the budget for 2005. Obtaining this particular sales goal is an important success since the Company thus ensured its dynamic presence in the telecommunications market despite the continuously decreasing prices in the international wholesale market.

- √ The following important reasons contributed in obtaining the above sales goal for these particular services:
 - Retaining our existing customers and strengthening our relations.

 - Success in the 2 international tenders of Turk Telecom against all the major international wholesales and undertaking of the largest telecommunications project in the area which has a strategic and general importance for OTE, to provide capacities of SDH 22,5Gbps and IP 12,5Gbps. The total value of contracts from the Turkish market is over 30 million euros.

 - The agreement signed with DANTE (Delivery of Advanced Network Technology to Europe Ltd) for the provision of interconnection and capacity services in Europe and in the SE Mediterranean. In more detail, the Company, in the framework of the above agreement will implement 4 different projects for DANTE, involving:
 - The provision of two connections of 2λ (20 Gbps) in capacity between the Points of Presence of the GN2* network, Athens - Milano and Athens - Vienna through the new international network GWEN from OTE Group.

 - The provision of an STM-4 (622MB) connection between the PoPs of the GN2 network Athens - Istanbul.

- √ More than doubled the core capacity of the International Network MPLS/IP (MSP) for serving customers' telecommunications traffic as well as broadband services for the Greek market.

- √ Serving 30% of the total of international telephony traffic VoIP through the International Network, with an important decrease of the related transfer and transit costs.
- √ Increased our presence in international Internet traffic exchange centres (IXs): AMSIX, LINX, DE-CIX, with a total capacity of 5Gbps and concluded 300 IP peering agreements.
- √ Formed new International Signaling & MTP routing (STP/SCCP services and developed new pioneering services based on Ethernet technology (International Ethernet Transport service, International Ethernet VPN).
- √ In area of international telephony there were negotiations and important agreements were concluded with foreign telecommunications bodies in order to cooperate and provide hubbing and refile services with the aim of gaining an additional market share from international traffic.

Specifically, the Company by applying a flexible commercial policy:

- Concluded interconnection agreements with new Telecommunications Carriers, resulting in a rise in profits from hubbing traffic.
 - Continued to operate interconnection agreements with the companies Orbitel and Globul in the formerly monopoly market of Bulgaria, ensuring new profit sources from the increased share of this particular market.
 - Implemented interconnection agreements using VoIP technology with Carriers in the Greek and foreign telecommunications market.
 - The Company continued competing successfully with Telecom Italia Sparkle in the area of international traffic exchange in Albania, opening new interconnections with the mobile telephony companies AMC and Vodafone Albania and managed by hubbing the larger part of international traffic to Albania from landline and mobile telephony.
 - The Company achieved its budget for international wholesale in 2005 regarding traffic volume and profits and ensuring for OTE international traffic profits of approximately 150.06 million euros, not including profits from the international retail outgoing traffic from OTE. The Company, by exercising the appropriate pricing policy, managed to attract international outgoing telephony traffic from mobile telephony companies which was increased by 6% compared to 2004 as well as increased traffic from alternative telecommunications carriers (Forthnet, Voicenet, Tellas etc) that increased by 27%. Furthermore, by taking advantage of nodes it owns abroad it increased significantly its share in the international hubbing traffic market by achieving in 2005 a 78% increase in its traffic compared to 2004.
- √ Best Cost Routing procedures were implemented per minute of traffic so that, in cooperation with OTE's General Direction of Domestic Services there was an increase in wholesale domestic services (Tellas, Q Telecom).
 - √ *Cooperation* for roaming services MTP routing in OTE's international centres were continued, providing integrated design solutions (agreement with Swisscom) and that contributed to an important increase in income from these services.

(implemented at Armentel and AMC Albania). It also began studies to introduce the SCCP service in mobile telephony.

- √ The needs of Cosmote as well as Globul regarding GPRS Roaming (GRX) were successfully covered while the process to include Cosmorom in that service is underway.

II. Changes in the Board of Directors of the Company

During the period under examination there were changes in the Board of Directors of the Company which appear in the following table:

MEMBER CAPACITY	01/01/2005 to 19/12/2005	20/12/05 to 31/12/2005
Chairman	Michael Tsamaz	Michael Tsamaz
Vice - Chairman	Georgios Rallis	Christini Spanoudaki
Managing Director	Anastasios Angeloglou	Anastasios Angeloglou
Member:	Christini Spanoudaki	Katsaounis Christos
Member:	Konstantinos Frouzis	Konstantinos Frouzis

C. Presentation of Financial Results

I. Summary – Main Financial Indicators

The Company, with the successful commercial policy that it followed in 2005 as well as the effective management of its resources has a significant increase in its financial results is evident from the following main financial indicators.

MAIN FINANCIAL INDEXES

in thousand Euros			
	2005	2004	Δ%
TURNOVER	136,092	86,936	57%
PROFIT BEFORE TAX	8,285	6,955	19%
TAXES	2,850	2,792	
PROFITS AFTER TAX	5,435	4,163	31%
EARNINGS PER SHARE	18.12	13.88	31%
PROFIT MARGIN	6.1%	8.0%	

The significant increase in sales by 57% and the stabilization of the company's profits which combined had as a result the increase in earnings per share of 31% compared to the previous accounting period, proving the important goodwill that the Company provides to its shareholders.

II. Financial Statements

The financial statements dated 31.12.2005 were drawn up according to the principles of International Financial Reporting Standards and they reflect with the Balance Sheet the financial status of the Company at the above date while at the same time they include the operating results, cash flow and statement of changes in the equity for the period from 01.01.2005 to 31.12.2005 with detailed clarifications regarding the accounting principles applied as well as specific item disclosures and reconciliations between the previous accounting standards (Codified Law 2190/20, CGAP, Tax legislation provisions etc) and Financial Reporting Standards for the fiscal year 2004.

D. Company prospects

The Company, with the main aim of supporting the business of the OTE Group will remain active in the area of international telecommunications services in order to achieve the objectives of the OTE's approved three year (2006-2008) business plan.

Within the framework of this policy, OTEGlobe will increase its efforts to achieve the following goals:

- √ Increase its sales by penetrating new international markets with the use of flexible sales channels and new partnerships – alliances with other international Telecommunications Carriers.
- √ Face the competition and compensate the continuous drop in prices for existing services by developing and promoting new services and packets of combined services.
- √ Upgrade the capacity and enrich the operation of the international network MPLS/IP in order to manage the increased needs of its existing customers as well as those new customers that will be obtained due to broadband services penetrating the market.
- √ Decrease even further the cost of international infrastructures and in particular the cost for the transfer and transit of international telephony traffic by optimizing international networking infrastructure with the use and further advantage of nodes in the International Network MPLS/IP.
- √ Minimize the cost of provided international telephony services by the necessary trade agreements and by the flexible implementation of more cost effective alternative refillings, thus giving OTE the ability to implement more attractive pricing policies for its customers and increase its share in international telephony traffic.

Following that we hereby call upon you, ladies and gentlemen Shareholders to:

Approve the Balance Sheet and the other financial statements of the accounting period 01/01/2005 - 31/12/2005.

1. Relieve the members of the BOD and the Company's certified accountants from every indemnification liability regarding the actions during the 2005 fiscal year, according to the Law and also the Company's Articles of Association.
2. Approve the compensations, fees and expenses paid to the members of the Board of Directors, the Chairman and the Managing Director for 2005 and set those for 2006.
3. Appoint certified auditors for the current fiscal year of 2006.

A. ANGELOGLOU
MANAGING DIRECTOR

OPERATING RESULTS

(Amounts in EUROS)

	Note	2005	2004
Turnover			
Income from data and international telephony services		102,686,579	60,625,307
Income from commissions		31,993,669	24,817,407
Other income	5	1,411,936	1,493,068
<i>Total turnover</i>		136,092,184	86,935,782
Charges from international telecommunications carriers		(116,091,625)	(69,835,208)
<i>Gross profit</i>		20,000,559	17,100,574
Operating expenses			
Employee benefit expenses	6	6,455,586	5,396,302
Depreciation		973,816	1,000,188
Other operating expenses	7	4,258,647	4,026,115
<i>Total operating expenses</i>		11,688,049	10,422,605
Operating profit		8312,510	6,677,969
Finance income / (expenses), net	8	(27,365)	276,826
Profit before tax		8,285,145	6,954,795
Income tax	9	(2,850,061)	(2,792,145)
Net profit for the period		5,435,084	4,162,650
Earnings per shares in €			
Basic and adjusted	10	18.12	13.88

The notes on pages 15 to 36 are an integral part of the financial statements.

The financial statements appearing in pages 11 to 36 were approved by the Board of Directors on the 3rd of April 2006 and are signed for the Board of Directors by the following:

President of the BOD	Managing Director	Financial Director	Head of the Accounting Dept.
Michael Tsamaz	Anastasios Angeloglou	Konstantinos Andreou	Andreas Galiatsatos

BALANCE SHEET

(Amounts in EUROS)

ASSETS	Note:	2005	2004
Non-current assets			
Tangible assets	11	7,608,326	8,383,868
Investments available for sale	12	662,982	655,556
Deferred taxes	13	479,644	471,393
Other non-current assets	14	229,599	756,267
<i>Total non-current assets</i>		8,980,551	10,267,084
Current assets			
Customers and other receivables	15	49,665,648	80,433,319
Cash	16	5,671,536	9,996,506
<i>Total current assets</i>		55,337,184	90,429,825
Total assets		64,317,735	100,696,909
EQUITY AND LIABILITIES			
EQUITY			
Shareholder's Equity			
Share Capital	17	879,000	879,000
Reserves	18	462,178	462,178
Retained earnings		10,480,740	7,545,654
<i>Total shareholder's equity</i>		11,821,918	8,886,832
LIABILITIES			
Long-term liabilities			
Provision for benefits to employees after their retirement.	19	355,370	246,275
Deferred taxes	13	1,697	1,697
<i>Total long-term liabilities</i>		357,067	247,972
Short-term liabilities			
Suppliers	20	42,184,911	85,359,453
Income tax	21	1,406,536	1,014,887
Other obligations	22	8,547,303	5,187,765
<i>Total Short-term liabilities</i>		52,138,750	91,562,105
<i>Total liabilities</i>		52,495,817	91,810,077
Total Equity and Liabilities		64,317,735	100,696,909

The notes on pages 15 to 36 are an integral part of the financial statements.

CASH FLOW STATEMENT
(Amounts in EUROS)

	2005	2004
Net profits	5,435,084	4,162,650
<u>Adjustments for:</u>		
Income tax	2,850,061	2,792,145
Depreciation tangible assets	973,816	1,000,188
Profits from sale of tangible assets	(734)	(8,890)
Interest income	(55,092)	(267,619)
Other	(7,427)	-
Changes in working capital		
(Decrease)/ Increase in receivables	31,296,126	(51,733,351)
(Increase)/ Decrease in suppliers	(44,227,870)	33,846,160
Increase in provisions and other obligations	3,330,898	2,538,534
Increase in obligations for employee benefits due to retirement	109,095	84,336
Increase in other assets	(1,787)	(101,916)
Income tax paid	(2,438,022)	(4,423,278)
Operating cash flows - net	(2,735,852)	(12,111,041)
Cash flows from investment activities		
Purchase of tangible assets	(201,252)	(759,475)
Sales of tangible assets	3,711	14,876
Investment purchases	-	(655,350)
Interest received	55,092	267,619
Cash flows from investment activities - net	(142,449)	(1,132,330)
Cash flows from financing activities		
Dividends paid to shareholders	(2,500,000)	-
Cash flows from financing activities - net	(2,500,000)	-
Decrease in cash - net	(5,378,301)	(13,243,371)
Cash at the beginning of the accounting period	8,485,996	21,729,367
Cash at the end of the accounting period (note 16)	3,107,695	8,485,996

The notes on pages 15 to 36 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

(Amounts in EUROS)

	Share capital	Reserves	Retained earnings	Total equity
Balance 1st January 2004	879,000	277,593	3,567,587	4,724,180
Reserves transfer	-	184,585	(184,585)	-
Net profit for the year	-	-	4,162,652	4,162,652
Balance 31st December 2004	879,000	462,178	7,545,654	8,886,832
Net profit for the year	-	-	5,435,084	5,435,084
Dividend for the 2004 year	-	-	(2,500,000)	(2,500,000)
Other adjustments	-	-	2	2
Balance 31st December 2005	879,000	462,178	10,480,740	11,821,918

The notes on pages 15 to 36 are an integral part of the financial statements.

ADDITIONAL DATA, INFORMATION AND NOTES ON THE FINANCIAL STATEMENTS

1. General

OTE INTERNATIONAL SOLUTIONS SA (the “Company”) is active in the provision of wholesale voice and capacity services as well as the provision of integrated solutions and added value services. The Company is a wholly owned subsidiary of OTE SA with the company name “OTE INTERNATIONAL SOLUTIONS” and the mark designation OTEGlobe.

The Company is active in Greece and in different foreign countries. The registered offices of the Company is in Greece, Attiki prefecture, municipality of Amarousion, 217A Kifissias Ave. The web site address of the Company is www.oteglobe.gr. The financial statements have been approved for publication by the Board of Directors of the Company on the 3rd of April 2006.

2. Summary of the main accounting policies

2.1 The framework for preparation of the Financial statements

The financial statements cover the fiscal years 2004 and 2005 and are the first financial statements to have been drawn up based on International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and the published interpretations by the International Accounting Standards Board (IASB) and its subcommittees as validated by the European Union until the 31st of December 2005.

IAS 1 “Presentation of Financial Statements” provides that comparative information must be presented for at least the previous fiscal year from the referred fiscal year. Therefore, the balance sheet from which the Company starts to apply IFRS is the 1st of January 2004 (date of transition to IFRS).

The Company applied IFRS 1 “First time adoption of IFRS” in preparing the financial statements. According to the transitory provisions of IFRS 1 and other relevant standards, the Company has applied the all the IFRS and interpretations that have been adopted by the European Union that is obligatory to apply in preparing the financial statements covering periods that start after the 1st of January 2005. Details about the first application is presented in Note 29.

The said financial statements have been drawn up based on the principal of cost as amended by the reassessment of investments available for sale at their fair value.

The preparation of financial statements requires the use of assessments and judgment when applying the Company’s accounting principles. Areas which are very subjective or complex or where assumptions and assessments were used that are important for the financial information are mentioned in Note 4.

2.2 Foreign currency translation

(a) Operational currency and presentation currency

Information in the Company’s financial statements is based on the currency applicable in the main financial environment in which the Company operates (operational currency). The financial statements are presented in Euros, which is the operational currency and the presentation currency of the Company.

(b) Transactions and others

Transactions in foreign currencies are converted to the operational currency according to the rate that applied on the date of the transactions. 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. 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 included where there are differences in fair value.

2.3 Tangible fixed assets

Tangible fixed assets are presented at their acquisition cost reduced by the accrued depreciation and any impairment. The acquisition cost includes all expenses directly associated with the acquisition of the assets. Any subsequent expenses will either increase the value of the tangible assets or be recognized as a separate fixed asset only if it is expected that they will bring future financial benefits for the Company and it is possible to measure their cost credibly. The cost for repairs and maintenance is charged on the operating results in the accounting period in which they take place.

Land is not depreciated. Depreciation of other elements of tangible assets are calculated on a straight line bases over the estimated useful lives of the assets as follows:

- Buildings	12 years
- Machinery and Technical Installations	5 and 14.3 years
- Furniture and other equipment	5 years
- Software	3.3 years

When the accounting value of the tangible assets exceeded their recoverable value, the difference (impairment) is recorded immediately as an expense in the operating results. During the sale of tangible assets, the difference between the price received and their accounting value is recognized as profit or loss in the operating results.

2.4 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 accounting value. The recoverable value is the greater value between the fair value decreased by the necessary sale expenses and the value of use. In order to assess the impairment damages the financial assets are included in the smallest possible cash flow units. The impairment losses are included as expenses in the results when they arise.

2.5 Leases

Any lease which transfers the rights and obligations (risks) arising from ownership of an asset to the lessee, is considered as a financed 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 operating results.

Financing leases assets are recorded at the lowest amount between their fair value of the asset and the present value of the minimum lease payments payable at the beginning of the

lease, reduced by their accrued depreciation or impairment losses. If the lease agreement does not transfer the rights and obligations (risks) from ownership of a fixed asset then the lease will be considered to be operational for the lessee and the lease is recorded as expenses when paid, using the direct method for the duration of the lease.

2.6 Investments and receivables

The Company's investments are allocated to the following categories. The allocation depends on the reason for which the investment was acquired. Management will define the allocation during the first recognition and re-examine the allocation at each financial statement publication date.

(a) Financial assets at fair value with changes in the results

This category includes financial assets that were obtained to be sold in a short period. Assets in that category are classified as current assets if they are to be traded or they are expected to be sold within 12 months from the date of the balance sheet. Derivatives are included in this category.

(b) Loans and receivables

It includes non derivative financial assets with fixed or defined payments which are not negotiated in active markets and there is no intention to sell them. They are included in current assets, with the exception of those that expire in more than 12 months from the date of the balance sheet. These are included in non-current assets. During the year there were no investment loans and receivable. The loans and receivables are recognized at non-amortized cost using the effective interest rate method.

(c) Investments held to maturity

It includes non derivative financial assets with fixed or defined payments and a definite maturity date and which the Company has the intention and the ability to hold until their expiration. This category is reflected at non-amortized cost. At the end of the year the Company did not hold any investments of that category.

(d) Financial assets available for sale.

It includes non derivative financial assets which are either defined to be in this category or they cannot be placed in any of the above categories. They are included in non-current assets. If the Management does not wish to liquidate them within 12 months since the date when the balance sheet was drawn up.

Any purchases and sales of investments are recognized on the date of the transaction which is the date in which the Company commits to purchasing or selling an asset. Investments are initially recognized at their fair value plus the transaction expenses. Investments are derecognised when the right to cash flows from investment expires or is transferred and the Company has transferred all significant risks and benefits from the ownership.

Following that, the financial assets available for sale are assessed at their fair value and the related profit or loss is recorded as equity reserves until these assets are sold or suffer an impairment. During the sale or the impairment any profits or losses will be transferred to the results. Any impairment losses that have been recognized in results may not be reversed through the results.

The realized and unrealized profits or losses which appear from changes in the fair value of the financial assets, assessed at their fair value with changes in the results, are recognised in the results of the period in which they occur.

The fair values of financial assets that are negotiated 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 transaction, comparable companies and cash flow discounting. At each

balance sheet date the Company will evaluate whether there are objective indications which would lead to the conclusion that the financial assets have suffered an impairment. Regarding the shares of companies that have been classified as financial assets available sale, such an indication would be the important or prolonged reduction of their fair value in comparison to their acquisition cost. If an impairment is proven then the loss accrued for the equity which is the difference between the acquisition cost and the fair value will be transferred to the results. Impairment losses in stocks which are included in the results may not be reversed by the results.

2.7 Accounts receivable – Provision for doubtful debts

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 made is readjusted and burdens the results of the then current accounting period. Any claims that are considered to be impossible to receive are written off. Any write off of claims from accounts receivable will be made through this provision.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits as well as cheques from customers and to suppliers deposited into a bank account on the date of the balance sheet and which have not yet appeared in the Company's bank account.

2.9 Share Capital

The share capital includes the Company's common shares. Common shares are included in the equity.

Direct expenses for the issue of shares, after the related income tax has been deducted, will decrease the proceeds of the issue. Any direct expenses that are related to issuing shares to acquire businesses will be included in the acquisition cost of the company being acquired.

2.10 Deferred taxation

Deferred income tax is calculated using the liability method on the temporary difference that arise between the tax basis and the accounting value of the assets and obligations. Deferred taxes will be calculated on the basis of the tax coefficients that are in force at the date of the balance sheet.

Deferred tax claims will be recognised in the extent that there will be a future taxable profit to use the temporary difference arising from the deferred tax claim. The value of the deferred tax claims is checked at each date of balance sheet and it is decreased in the extent that it is not expected that there will be enough taxable income to cover the deferred tax claim.

2.11 Programmes for Defined Employee Benefits

Any obligations arising from defined employee benefits programmes 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.

The net cost of the accounting period is included in the results and consists of the present value of the obligation which became realised during the accounting period, computation of interest for the future obligation, the cost of previous employment and the realised actuarial gains or losses. The unrealised cost of previous service is recognized over the average

remaining service period for employees which are expected to receive 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.

2.12 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 reliably. 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.

2.13 Revenue recognition

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

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

Income from dividends: Income from dividends is recognised from the date when their distribution was approved by the General Meeting of Shareholders.

Income from taxes: Income from taxes is recognized when the tax becomes payable (using the effective interest rate method).

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2.14 Advertising expenses

Advertisement expenses are recognized when they occur.

2.15 Dividends declared

The dividends that are allocated to the shareholders are included in obligations at the time when they are approved by the General Meeting of the stockholders.

2.16 Related parties

Transactions and other actions with related parties are disclosed separately in financial statements in terms of the requirements of IFRS. These related parties refer to the parent company (OTE SA) and the members of the Company's management.

2.17 Earnings per share

The basic and adjusted earnings per share are calculated by dividing net earnings by the weighted average number of shares in each accounting period.

3. Financial Risk Management

3.1 Financial risk factors

The Company, being a Greek company which is active abroad, is exposed to financial risks such as market risks (changes in foreign exchange, interest rates and market prices), credit risk and liquidation risk, cash flow risk and fair value risk due to changes in interest rates. The Company's general risk management program aims to minimize any possible negative effect of the volatility of financial markets in the financial performance of the Company and the OTE Group. Risk management is executed by the Financial Management which operates with particular rules that have been approved by the Management.

(a) Market risks

The Company is active at a global level and is therefore exposed to foreign exchange risk from the changes in foreign exchange rates. This risk arises mostly from future financial transactions, claims and obligations in foreign currencies.

The main currencies in terms of Company transaction volume after the EURO are USD, GBP and SDR. The management of foreign exchange risk is done on one part by maximizing the natural compensation through obligations, claims, inflows and outflows in USD, GBP and SDR.

(b) Credit risk

The Company has limited exposure to credit risk. Sales of services and products are mostly done to customers who have evaluated creditworthiness. Furthermore, in cases where credit is provided to customers with reduced or unevaluated creditworthiness, the credit risk is covered either by receiving bank guarantees from the customer or by transferring the risk to suppliers where this is possible.

(c) Liquidation risk:

The liquidation risk is maintained at low levels by having sufficient cash resources and satisfactory unutilized credit limits.

(d) Interest rate risks

The Company's income and cash flow from operational activities are mainly independent of any changes in interest rates. The Company does not hold any significant interest bearing assets or liabilities.

3.2 Determination of fair values

The fair value of financial assets which are negotiated in active markets (stock markets) (e.g. derivatives, shares, bonds) is based on the published values 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 date of the balance.

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 obligations for the purposes of their presentation in the financial statements are calculated on the basis of the present value of the future cash flows as they appear from certain contracts and by using the current interest rate which is available to the company for the use of similar financial means.

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 include a significant risk of causing substantial adjustments to the accounting values of assets and obligations in the following 12 months are the following:

There are several transactions and calculations in which the final tax calculation is uncertain. If the final result of the tax audit is different than what was initially recognised, the difference will affect the income tax and the provision for the deferred taxes for that period.

5. Other income

	2005	2004
Profits from sale of tangible assets sales	734	8,890
Profits from the provision of services to third parties	1,409,465	1,139,710
Profits from forfeited letters of guarantee	-	343,956
Other	1,737	512
Total	1,411,936	1,493,068

6. Employee benefit expenses

	2005	2004
Salaries and wages	4,787,830	3,820,743
Social security expenses	1,551,718	1,392,997
Employee training income/ expenses	(3,637)	90,628
Contributions to defined benefit programs (note 19)	117,319	86,203
Other expenses	2,356	5,731
Total	6,455,586	5,396,302

7. Other operational expenses

	2005	2004
Maintenance and repairs expenses	115,494	53,863
Operating leases	1,018,284	1,376,493
Provision for doubtful debts	-	214,665
Third party remuneration and commissions	1,361,902	1,363,952
Tax and duties payable	94,012	29,205
Expenses for electricity, telecommunications and transportation	263,052	231,032
Travel expenses	368,403	311,788
Expenses for promotions, advertising, exhibitions and displays	344,998	168,836
Expenses for office supplies and consumables	44,488	33,164
Expenses for tender participations	256,157	-
Other	391,857	243,117
Total	4,258,647	4,026,115

8. Finance income / (expenses), net.

	2005	2004
Interest income	55,092	267,619
Bank expenses	(35,940)	(14,254)
Net profits / (losses) from foreign exchange differences	(46,517)	23,461
Total	(27,365)	276,826

9. Taxes

	2005	2004
Income tax	2,858,311	2,671,628
Deferred tax (note 13)	(8,250)	120,517
Total	2,850,061	2,792,145

The tax on the Company's profits before tax would be different from the theoretical amount which would result if the main taxation coefficient of the country in which the company operates is used, as follows:

Profit before taxes	8,285,145	6,954,795
Company tax coefficient	32%	35%
Tax calculated on the basis of current tax coefficients upon profits	2,651,246	2,434,179
Tax on expenses which are not deductible for the purposes of taxation	121,364	271,018
Difference of tax coefficients in deferred taxation	85,701	(33,569)
Results of change to IFRS on taxable profits	(8,250)	120,517
Taxes	2,850,061	2,792,145

According to the provisions of the Greek tax legislation the income tax coefficient on the 31st of December 2004 was 35%. Based on Law 329/2004 the profit taxation coefficient was reduced to 32% during the fiscal year of 2005, 29% for the fiscal year of 2006 and 25% for the fiscal years of 2007 and after.

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, on 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.

The Company has not been under tax audit for the fiscal years from 2002 to 2005.

10. Earnings per share

	2005	2004
Basic and adjusted earnings per share (€ per share)		
Net profit for the period	5,435,084	4,162,650
Average weighted number of shares	300,000	300,000
Basic and adjusted earnings per share	18.12	13.88

11. Tangible fixed assets

	Machinery and				
	Buildings	Technical Installations	Furniture and vessels	Software	Total
Balance 1st January 2005					
Acquisition value	421,221	9,321,745	815,614	440,112	10,998,691
Additions	15,642	61,989	112,113	11,508	201,252
Sales/ Write offs	-	(7,026)	(750)	-	(7,776)
Balance 31st December 2005	436,863	9,376,708	926,977	451,620	11,192,167
Balance 1st January 2005					
Accumulated depreciation	4,359	1,781,207	511,776	317,481	2,614,824
Depreciation	1,986	706,071	135,104	130,655	973,816
Sales/ Write offs	-	(4,593)	(206)	-	(4,799)
Balance 31st December 2005	6,345	2,482,685	646,674	448,136	3,583,841
Net book value 31st December 2005	430,518	6,894,023	280,303	3,484	7,608,326
	Machinery and				
	Buildings	Technical Installations	Furniture and vessels	Software	Total
Balance 1st January 2004					
Acquisition value	-	9,227,104	636,563	401,094	10,264,761
Additions	421,221	94,641	204,593	39,018	759,473
Sales/ Write offs	-	-	(25,543)	-	(25,543)
Balance 31st December 2004	421,221	9,321,745	815,613	440,112	10,998,691
Balance 1st o January 2004					
Accumulated depreciation	-	1,089,581	364,093	180,519	1,634,193
Depreciation	4,359	691,626	167,240	136,962	1,000,188
Sales/ Write offs	-	-	(19,557)	-	(19,557)
Balance 31st December 2004	4,359	1,781,207	511,776	317,481	2,614,824
Net book value 31st December 2004	416,862	7,540,538	303,837	122,631	8,383,868

There are no liens on the fixed assets.

12. Investments available for sale

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

Non listed participation titles	%	2005	2004
OTEnet Telecommunications Ltd	15%	662,677	655,350
Hellas Sat A.E.	0,01%	305	206
		662,982	655,556

During the previous fiscal year the Company participated in OTEnet Telecommunications Ltd, subsidiary company of OTE SA

Participations are presented at acquisition value because the companies are not listed on the stock exchange

13. Deferred tax

Deferred tax assets

	Employee compensation	Bad debt	Bonus to staff	Total
Balance 1st January 2005	61,569	390,802	19,023	471,394
Credit/ (debit) to results	27,273		(19,023)	8,250
Balance 31st December 2005	88,842	390,802	-	479,644

	Employee compensation	Bad debt	Bonus to staff	Total
Balance 1st January 2004	56,679	547,122	-	603,800
Credit/ (debit) to results	4,890	(156,320)	19,023	(132,407)
Balance 31st December 2004	61,569	390,802	19,023	471,393

Deferred tax liabilities

	Foreign Exchange Differences	Total
Balance 1st January 2005	(1,697)	(1,697)
Balance 31st December 2005	(1,697)	(1,697)

	Untaxed Reserves	Foreign Exchange Differences	Total
Balance 1st January 2004	(13,587)	-	(13,587)
Credit/ (debit) to results	13,587	(1,697)	11,890
Balance 31st December 2004	-	(1,697)	(1,697)

	2005	2004
14. Other assets		
Guarantees to suppliers	113,261	110,607
Guarantees for building leases	94,440	94,440
Guarantees for car leases	20,844	20,620
Guarantees for the PPC	1,054	2,145
Prepaid expenses		528,455
	229,599	756,267

	2005	2004
Total 15. Customers and other receivables		
Customers	51,394,491	82,069,248
Less Impairment provisions	(1,759,723)	(1,759,723)
Final commercial receivables	49,634,768	80,309,525
Other receivables	30,880	54,260
Receivables from related parties		69,534
Total	49,665,648	80,433,319

The movement in the provision for doubtful debts is as follows:

Balance 1st of January	1,759,723	1,563,205
Addition of period	-	214,664
Write off of doubtful debts	-	(18,146)
Balance 31st December	1,759,723	1,759,723

	2005	2004
16. Cash and cash equivalents		
Cash on hand and at banks	3,107,696	8,485,996
Sight account – management of international OTE telephony traffic	2,563,840	1,510,510
Total	5,671,536	9,996,506

The sight account for €2,563,840 (2004 : € 1,510,510) refers to an account for the management of OTE's International Telephony Traffic by the Company,

The effective average weighted interest rate was:

Cash on hand and at banks	1.75%	1.75%
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17. Share Capital

On the 31st of December 2005 the share capital consisted of 300,000 common shares (2004: 300,000) with nominal value euro 2.93 each

18. Reserves	Statutory reserves	Special reserves	Untaxed reserves	Total
Balance 1st January 2005	293,000	1,410	167,768	462,178
Balance 31st December 2005	293,000	1,410	167,768	462,178
Balance 1st January 2004	221,832	1,410	54,351	277,593
Transfer from profits	71,168		113,417	184,585
Balance 31st December 2004	293,000	1,410	167,768	462,178

Statutory reserves: 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 Company had already covered this obligation to form the statutory reserve on the 31st December 2004,

Special reserves: This refers to the conversion of the share capital from drachmas to euros,

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 entered in a particular reserve account, In the case that these reserves are distributed or capitalized they will be taxed under the current tax coefficient on that date,

19. Personnel retirement compensation provisions

The amounts recorded in the balance sheet are the following:	2005	2004
Current value of non financed obligations	448,080	289,318
Un realized actuarial gains / (losses)	(92,710)	(43,043)
Obligation as per the balance sheet	355,370	246,275

The amounts that have been entered in the operation results statement are the following	2005	2004
Current employment cost	103,789	78,107
Interest cost	13,019	8,096
Recognition of actuarial losses	511	-
Total included in employee benefits expense (note 6)	117,319	86,203

Change of the obligation in the balance sheet	2005	2004
Balance 1st January	246,275	161,939
Total of charge to results	117,319	86,203
Compensations paid	(8,224)	(1,867)
Balance 31st December	355,370	246,275

The main actuarial assumptions that were used for accounting purposes are the following:	2005	2004
Discount rate	4.00%	4.50%
Future salary increases	4.50%	4.00%
Average future employment (in years)	23.8	27.68

20. Suppliers

	2005	2004
Suppliers	39,433,381	83,825,489
Obligations to employees	3,417	-
Customers down payments	185,330	22,367
Amounts owed to subsidiaries	2,562,783	1,511,597
Total	42,184,911	85,359,453

21. Income tax

	2005	2004
Balance 1st January	1,014,887	2,879,954
Debit/ (credit) in operating results statement	2,858,311	2,671,628
Tax for previous fiscal years	(28,640)	(113,417)
Paid tax	(2,438,022)	(4,423,278)
Balance 31st December	1,406,536	1,014,887

22. Other obligations

	2005	2004
Insurance and pension contributions payable	313,443	384,565
Period Expenses - Accrued	6,347,806	3,148,851
Other taxes and fees	1,109,114	934,127
Other	776,940	720,222
Total	8,547,303	5,187,765

23. Transactions with related parties

i) Sales and purchases of goods and services	2005	2004
Sales of services		
To the parent company	76,080,888	48,259,113
To other related parties	14,393,649	9,440,626
Total	90,474,537	57,699,739
Purchases of services		
From the parent company	60,084,629	38,890,375
From other related parties	19,469,058	9,791,031
Total	79,553,687	48,681,406

Transactions with related parties have been conducted under terms and conditions that are at an arms length basis

ii) Benefits to the Management

Salaries and other short term work benefits	963,027	773,667
Other long term benefits	203,064	190,481
Total	1,166,091	964,148

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

Receivables from related parties		
From the parent company	27,567,376	67,706,207
From other related parties	4,152,276	2,969,960
Total	31,719,652	70,676,167
Obligations to related parties		
To the parent company	23,979,884	79,096,664
To other related parties	5,116,352	3,226,377
Total	29,096,236	82,323,041

24. Dividends

The dividends that were paid in 2005 were 2,500,000 euros, a dividend of 8,34 euros per share which will be a total dividend of 2,500,000 euros is to be proposed at the annual General Meeting, These financial statements do not depict this dividend as payable,

25. Capital commitments

At the date when the Balance Sheet was prepared there were no significant capital expenses that were undertaken and not executed.

26. Contingent liabilities and obligations

a) Legal issues

There are no legal issues

b) Tax issues

As it is mentioned in note 9, the Company is possibly 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 2002 to and including 2005 therefore they have not become final. The outcome of tax audits cannot be predicted at this stage.

27. Operating leasing

The company obligations from leasing refer mostly leased cars for its employees, The minimum future leases-for these operating leases are: Up to 1 year

Up to 1 year _____	-
From 1 to 4 years _____	<u>311,026</u>
Total	311,026

28. Events subsequent to the Balance Sheet date

There are no important events that took place after the 31st of December 2005 and which ought to be communicated or would change the items in the published financial statements.

29. Transition to IFRS

As it is mentioned also in Note 2 the Financial Statements are based on IFRS. The accounting principles set out by IFRS were applied in preparing up the attached Financial Statements and the Balance Sheet dated 31st of December 2005.

The IFRS 1 allows some optional exemptions as well as compulsory exceptions in the principle of retroactive application.

29.1 Exemption from full retroactive application as decided by the Company

a) Business Mergers (IFRS 3)

The Company had not proceeded to any business combinations which occurred before the 1st of January 2004. This exemption is not applicable.

b) Fair values or reassessments as estimated cost (IAS 16)

The Company has decided not to reassess fixed assets at their fair value and to use this value as deemed cost on the 1st of January 2004.

c) Employee benefits (IAS 19)

The Company has chosen not to reassess retrospectively the related obligation and to recognize all accrued actuarial gains and losses in results carried forward on the 1st of January 2004.

d) Accrued foreign exchange differences (IAS 21)

The Company has not chosen to reset to zero all foreign exchange differences at the date of transition to the IFRS for all consolidated companies abroad since it has no investment in any company abroad which is being consolidated.

e) Financial assets (IAS 32 and IAS 39)

The Company has been applying IAS 32 and IAS 39 since the 1st of January 2004. As a result this exemption is not applicable.

f) Benefits based on equity instruments (IFRS 2)

The company has not issued any programme for granting equity instruments (share-options), Therefore, this exemption is not applicable.

29.2 Exceptions from the full retroactive application of the IFRS that were followed by the Company

a) Derecognition of financial assets and liabilities

The financial assets that were derecognized before the 1st of January 2004 will not be recognized again according to the IFRS.

b) Hedge accounting

Hedge accounting is not applied by the Management. Therefore, this exemption is not applicable.

c) Estimates and judgements

IFRS 1 prohibits the use of information which was obtained after the 1st of January 2004 to correct assessments that were made under the Greek Generally Accepted Accounting Principles unless it is to correct mistakes. The Company readjusted its calculations and estimates in cases where the calculation basis was not in accordance with the IFRS, using information which was available during the transition date.

d) Assets held for sale and discontinued operations

According to IFRS 1 and IFRS 5 "Assets held for sale and discontinued operations", IFRS 5 has been applied since the 1st of January 2005, except for cases where the necessary information and assessments regarding the assets held for sale had been defined at the date when these assets fulfilled the requirements to be classified as assets held for sale, The Company did not have any asset which fulfilled the requirements of assets held for sale during the reference period. No adjustment is necessary.

29.3 Reconciliations between the Greek GAAP and the IFRS

In order to draw up the Financial Statements according to the IFRS it was necessary to recalculate certain amounts which were published in financial statements drawn up under the previous Accounting Standards (based on the Codified Law 2190/1920).

The most important adjustments that were considered necessary in order to adapt the financial statements that had been drawn up according to Codified Law 2190/1920. to IFRS concern:

- Recognition of the consequences of deferred taxation.
- Recording of the obligations to employees regarding the future payment of benefits depending on their previous service according to the actuarial study.
- Accounting for the dividends at the time when they are approved by the General Meeting of the Stockholders.
- Netting off of receivables from tax advance payment with the related obligation.
- Transfer of provisions regarding foreign exchange differences to results.

The following tables present the effect of entries to change to IFRS on:

- 1) Equity at 31st December 2003 and 2004
- 2) Net profit for the year 2004
- 3) Balance sheet dated 31st December 2003 and 2004.
- 4) Operating Results statement for the year 2004.

29.3.1 Equity reconciliations at 31st December 2003 and 2004

	2003	2004
Equity total based on the Greek GAAP	4,517,629	6,204,887
Deferred taxation	590,213	469,696
Other provisions	(425,781)	(605,960)
Personnel retirement compensation provisions	42,123	312,905
Reversal of proposed dividend	-	2,500,000
Transfer of foreign exchange differences to results	-	5,304
Total adjustments	206,555	2,681,945
Equity total based on the IFRS	4,724,184	8,886,832

29.3.2 Reconciliation of net profit for the year 2004

1 January to 31 December 2004

Profit after tax according to the Greek GAAP	4,187,258
Personnel retirement compensation provisions	270,783
Transfer of foreign exchange differences to results	5,304
Other provisions	(180,178)
Deferred taxation	(120,517)
Net profit according to the IFRS	4,162,650

29.3.3 Balance sheet dated 31st December 2003 and 2004.

	2003		
	Greek GAAP	Adjustments	IFRS
ASSETS			
Non-current assets			
Tangible and Intangible Assets	8,630,568	-	8,630,568
Investments financial items available for sale	206	-	206
Deferred taxes	-	590,215	590,215
Other assets	125,896	7,370	133,266
	8,756,670	597,585	9,354,255
Current assets			
Customers	25,825,270	3,395,783	29,221,053
Other assets	5,059,895	(5,059,895)	-
Cash	21,729,369	-	21,729,369
	52,614,534	(1,664,112)	50,950,422
Total assets	61,371,204	(1,066,527)	60,304,677
EQUITY			
Share Capital	879,000	-	879,000
Reserves	277,593	-	277,593
Profit balance carried forward	3,361,036	206,554	3,567,590
Total equity	4,517,629	206,554	4,724,183
OBLIGATIONS			
Long-term obligations			
Provision for employee retirement compensation	204,062	(42,123)	161,939
Other obligations	12,500	(12,500)	-
	216,562	(54,623)	161,939
Short-term obligations			
Suppliers	48,343,012	1,659,775	50,002,787
Income tax	4,536,695	(1,656,741)	2,879,954
Other obligations	3,757,306	(1,221,492)	2,535,814
	56,637,013	(1,218,458)	55,418,555
Total obligations	56,853,575	(1,273,081)	55,580,494
Total Equity and Obligations	61,371,204	(1,066,527)	60,304,677

	2004		
	Greek GAAP	Adjustments	IFRS
ASSETS			
Non-current assets			
Tangible and Intangible Assets	8,383,868	-	8,383,868
Investments financial items available for sale	655,556	-	655,556
Deferred taxes	-	471,393	471,393
Other assets	227,815	528,452	756,267
	9,267,239	999,845	10,267,084
Current assets			
Customers	80,309,525	123,794	80,433,319
Other assets	2,098,514	(2,098,514)	-
Cash	9,996,506	-	9,996,506
	92,404,545	(1,974,720)	90,429,825
Total assets	101,671,784	(974,875)	100,696,909
EQUITY			
Share Capital	879,000	-	879,000
Reserves	462,178	-	462,178
Profit balance carried forward	4,863,709	2,681,945	7,545,654
Total equity	6,204,887	2,681,945	8,886,832
OBLIGATIONS			
Long-term obligations			
Provision for employee retirement compensation	559,182	(312,907)	246,275
	559,182	(312,907)	246,275
Short-term obligations			
Suppliers	83,825,489	1,533,964	85,359,453
Income tax	2,461,152	(1,446,266)	1,014,887
Deferred taxes	-	1,697	1,697
Dividends payable	2,500,000	(2,500,000)	-
Other obligations	6,121,073	(933,308)	5,187,765
	94,907,714	(3,343,913)	91,563,802
Total obligations	95,466,897	(3,656,820)	91,810,077
Total Equity and Obligations	101,671,784	(974,875)	100,696,909

29.3.4 Operating Results statement for the year 2004.

	Greek GAAP	Adjustments	IFRS
Turnover:			
Income from commissions	24,817,335	72	24,817,407
International telephony income	60,625,307	-	60,625,307
Other income	1,140,197	352,871	1,493,068
<i>Total turnover</i>	86,582,839	352,943	86,935,782
Charges from international telecommunications carriers	(71,269,719)	1,434,511	(69,835,208)
<i>Gross profit</i>	15,313,120	1,787,454	17,100,574
Operating expenses			
Personnel salaries	5,667,087	(270,785)	5,396,302
Depreciation	1,000,188	-	1,000,188
Other operational expenses	2,040,325	1,985,790	4,026,115
<i>Total operating expenses</i>	8,707,600	1,715,005	10,422,605
Operating profit	6,605,521	72,448	6,677,969
Financing earnings(expenses), net,	253,365	23,461	276,826
Profit before taxes	6,858,886	95,909	6,954,795
Income tax	(2,671,628)	(120,517)	(2,792,145)
Net profit for the period	4,187,258	(24,608)	4,162,650



Independent's Auditor's Report
(Translated from the original in Greek)

To the Shareholders of
OTE INTERNATIONAL SOLUTIONS S.A

We have audited the accompanying Financial Statements of OTE INTERNATIONAL SOLUTIONS S.A. (the "Company") which comprise the balance sheet as at 31 December 2005, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance to Greek Auditing Standards, which are aligned with the International Standards of Auditing. These standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement or not. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' Report with the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Financial Statements give a true and fair view, of the financial position of the Company as of 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that have been adopted by the European Union and the Board of Directors' Report is consistent with the accompanying Financial Statements.

Athens, 5 April 2006

KPMG Kyriacou Certified Auditors AE

Nikolaos Vouniseas
Certified Auditor Accountant
AM SOEL 18701