

This information contained below is only for general information purposes regarding the financial position and the results of OTENET S.A and Group. Thereover we recommend to users of this information, before making any investment of proceeding to any other transaction with the company to obtain the necessary information from the internet address, where the annual financial statements prepared in accordance with International Financial Reporting Standards together with the Auditor's Limited Report are posted.

**INFORMATION CONCERNING THE COMPANY**

Registered office: 109 KIFFISIAS AVE. - 151 24 MAROUSSI  
 Companies Registration Number : 35842/01AT/96/157/97  
 Responsible Prefecture : Prefecture of Athens  
 Date of Approval of the annual Financial Statements : 30 of March 2007  
 Certified Auditor Accountant : Nick Voumises, AM SOEL 18701  
 Auditing Company: KPMG Kyriacou Certified Auditors S.A.  
 Type of report : Unqualified audit opinion - emphasis of matter  
 Company's Website : www.otenet.gr

**Board of Directors :**

Chairman: Aivazis, Ster. Iordanis  
 Vice-President: Liamidis G Konstantinos  
 Managing director: Drakopoulos Chr. Helias  
 Members: Kappos G. Konstantinos  
 Tsitoura P. Ioanna  
 Goumas Sp. Miltiadis  
 Leopoulos I. Agis  
 Asimakopoulos G. Konstantinos  
 Kaklamanis Chr. Ioannis

BALANCE SHEET (Amounts in Euro)					CASH FLOW STATEMENTS (Amounts in Euro)				
	GROUP		COMPANY			GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005		01.01-31.12.2006	01.01-31.12.2005	01.01-31.12.2006	01.01-31.12.2005
<b>ASSETS</b>					<b>Operating activities</b>				
Fixed Tangible Assets	15.524.458	16.749.508	11.435.405	11.535.567	Profit before taxes	(2.919.380)	7.835.571	(2.349.106)	7.920.595
Inventories	2.535.632	460.346	2.535.632	460.346	Adjustments to:				
Accounts receivable	30.831.482	22.239.897	23.327.624	14.533.091	Depreciation and amortization	6.389.548	6.707.408	5.055.553	5.227.644
Other assets	5.757.987	5.146.588	7.656.637	8.433.865	Provisions	521.017	643.681	331.863	622.834
Cash and cash equivalents	10.543.069	6.473.975	9.859.102	5.666.017	Investment and financial (income)/ loss	(315.132)	(137.166)	(203.256)	80
<b>TOTAL ASSET</b>	<b>65.192.628</b>	<b>51.070.314</b>	<b>54.814.400</b>	<b>40.628.885</b>	Interest expense	206.124	253.683	64.268	61.371
					Adjustments for working capital movements related to operating activities:				
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					Decrease / (increase) in materials and supplies	(2.075.286)	(158.455)	(2.075.286)	(158.455)
Long-term liabilities	1.324.752	1.190.576	697.388	488.724	Decrease / (increase) in accounts receivable	(9.060.779)	(5.687.810)	(8.498.602)	(2.967.853)
Short-term borrowings	1.774.544	461.652	-	-	Decrease / (increase) in liabilities (excluding banks)	18.320.001	3.788.975	18.791.234	1.982.943
Other current liabilities	49.703.254	33.491.711	41.270.391	24.583.138	Minus:				
Total liabilities (a)	52.802.550	35.143.939	41.967.779	25.071.862	Interest paid	(206.124)	(155.877)	(64.268)	(61.371)
Share Capital	5.400.000	5.400.000	5.400.000	5.400.000	Income taxes paid	(2.108.657)	(2.184.141)	(2.107.180)	(2.166.601)
Other accounts related to Shareholders Equity	6.142.660	9.275.553	7.446.620	10.157.023	<b>Cash inflows from operating activities (a)</b>	<b>8.751.332</b>	<b>10.905.869</b>	<b>8.945.220</b>	<b>10.461.188</b>
Total Shareholders' Equity attributable to Shareholders of the Parent Company	11.542.660	14.675.553	12.846.620	15.557.023	<b>Cash flows from investment activities</b>				
Minority interest (c)	847.417	1.250.821	-	-	Acquisition of subsidiary or associate, net of cash acquired	-	(199.080)	-	(207.248)
Total Shareholders equity (d) = (b) + (c)	12.390.077	15.926.374	12.846.620	15.557.023	Purchase of property, plant and equipment or intangible assets	(6.214.137)	(5.848.099)	(4.955.391)	(4.645.524)
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (a) + (d)</b>	<b>65.192.628</b>	<b>51.070.314</b>	<b>54.814.400</b>	<b>40.628.885</b>	Proceeds from sale of investment	-	87.891	-	86.887
					Interest received	305.950	116.419	203.256	81.444
					Dividends received	-	66	-	66
					<b>Net cash provided by / (used in) investing activities (b)</b>	<b>(5.908.187)</b>	<b>(5.842.803)</b>	<b>(4.752.135)</b>	<b>(4.684.375)</b>
					<b>Cash flows from financing activities</b>				
					Proceeds from long-term debt and short-term borrowings	1.312.892	-	-	-
					Repayment from long-term debt and short-term borrowings	(86.943)	(3.567.228)	-	(3.500.000)
					<b>Net cash used in financing activities (c)</b>	<b>1.225.949</b>	<b>(3.567.228)</b>	<b>-</b>	<b>(3.500.000)</b>
					<b>Net increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>4.069.094</b>	<b>1.495.838</b>	<b>4.193.085</b>	<b>2.276.812</b>
					<b>Cash and cash equivalents at beginning of the year</b>	<b>6.473.975</b>	<b>4.978.137</b>	<b>5.666.017</b>	<b>3.389.204</b>
					<b>Cash and cash equivalents at the end of the year</b>	<b>10.543.069</b>	<b>6.473.975</b>	<b>9.859.102</b>	<b>5.666.017</b>

INCOME STATEMENTS (Amounts in Euro)				
	GROUP		COMPANY	
	01.01-31.12.2006	01.01-31.12.2005	01.01-31.12.2006	01.01-31.12.2005
Total revenues	110.538.463	97.191.182	82.965.216	71.398.068
Operating expenses before depreciation	(107.189.866)	(82.522.716)	(80.488.134)	(58.269.968)
Earnings before taxes, investment income, financial income and depreciation-amortization	3.348.597	14.668.466	2.477.082	13.128.100
Depreciation and amortization	(6.389.548)	(6.707.408)	(5.055.553)	(5.227.644)
Earnings before taxes, investment income and financial income	(3.040.951)	7.961.058	(2.578.471)	7.900.456
Investment and financial income / (loss)	121.571	(125.487)	229.365	20.139
Profit/(loss) before tax	(2.919.380)	7.835.571	(2.349.107)	7.920.595
Income taxes	(607.735)	(4.144.805)	(361.296)	(3.979.537)
<b>Net profit / (loss) for the year</b>	<b>(3.527.115)</b>	<b>3.690.766</b>	<b>(2.710.403)</b>	<b>3.941.058</b>
Attributable to:				
Equity holders of the parent	(3.123.711)	4.176.194	(2.710.403)	3.941.058
Minority interest	(403.404)	(485.427)	-	-
Basic earnings per share (in €)				
Proposed dividend for the year per share - (in €)	(2)	2	(2)	2

**STATEMENT OF SHAREHOLDER EQUITY (Amounts in Euro)**

	GROUP		COMPANY	
	01.01.2006	01.01.2005	01.01.2006	01.01.2005
Total equity at beginning of year (01.01.2006 and 01.01.2005)	15.926.374	12.220.180	15.557.023	11.615.965
Profit for the year after taxes	(3.527.115)	3.690.766	(2.710.403)	3.941.058
	12.399.259	15.910.946	12.846.620	15.557.023
Special taxed reserves	(9.182)	14.334	-	-
Foreign currency translation	-	(4.032)	-	-
Net change of investment in subsidiaries	-	5.126	-	-
<b>Total equity at end of the year (31.12.2006 and 31.12.2005)</b>	<b>12.390.077</b>	<b>15.926.374</b>	<b>12.846.620</b>	<b>15.557.023</b>

**ADDITIONAL INFORMATION**

- The subsidiaries included in the consolidated financial statements, their location and the Group's ownership interest are as follows:

Full consolidation method (direct investment)	HEAD OFFICE	SHARE OF INTEREST	U.T.Y.
OTENET AE	Marousi, Greece	parent	since 2004
VOICENET AE	Pagrati, Greece	84,07%	since 2004
OTENET (Cyprus) Ltd	Cyprus	60,00%	since 2000
Full consolidation method (indirect investment)			
OTENET TELECOMMUNICATIONS LTD	Cyprus	46,00%	since 2001
- There are not any mortgages on property, plant and equipment.
- Number of employees at the end of the year : The Group 506 (2005:443), The Company 420 (2005:371)
- The amounts of revenues and expenses from/to related parties as at 31 December 2006 amounted to € 470.973 and € 402.329, respectively. The balance of receivables and payables from/to related parties as of 31 December 2006 amounted to € 142.045 and € 65.802, respectively
- The profits per share were calculated based on the total of shares.
- The Financial Statements of the Company are included to OTE's consolidated financial statements which its head office are located in Greece. OTE participates in OTENET's Share Capital with a stake of 94,58 %.
- There are no pending legal cases or issues in progress, which may have a material impact to the Company's or the Group's Financial Statements.

Athens, 30 March 2007

THE CHAIRMAN OF THE BOARD OF DIRECTORS

THE CHIEF EXECUTIVE OFFICER

THE FINANCIAL DIRECTOR

THE CHIEF ACCOUNTING OFFICER

THE MANAGEMENT ACCOUNTING SECTION MANAGER

 AIVAZIS IORDANIS  
 ID.N. II 308566

 DRAKOPOULOS HELIAS  
 ID.N. AB 521242

 E.FILIPPOU - KLOPFER  
 ID.N. AE 063790

 CHRISTOU FOTIS  
 ID.N. E166726

 ARETI P. KANAKI  
 ID.N. E 145508

 1<sup>ST</sup> CLASS LICENSE NUMBER OEE 0004755

 1<sup>ST</sup> CLASS LICENSE NUMBER OEE 0009200