

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
INTERIM CONDENSED FINANCIAL STATEMENTS
PARENT COMPANY AND CONSOLIDATED
AS OF 30 JUNE 2006
IN ACCORDANCE WITH
THE INTERNATIONAL ACCOUNTING STANDARD 34

FREE TRANSLATION FROM THE GREEK ORIGINAL

The attached Interim Financial Statements are those that were approved by the Board of Directors of COSMOTE MOBILE TELECOMMUNICATIONS S.A on August 23, 2006 and have been published by posting on the Internet at the web site address www.cosmote.gr

COSMOTE MOBILE TELECOMMUNICATIONS SA
INTERIM CONDENSED FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED)
AS AT 30 JUNE 2006

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COSMOTE MOBILE TELECOMMUNICATIONS S.A.

INTERIM CONDENSED INCOME STATEMENTS (PARENT COMPANY AND CONSOLIDATED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2006
(In thousands of EURO, unless otherwise is stated)

	NOTE	THE GROUP				THE COMPANY			
		01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005
Operating revenues	4	1,037,079	540,702	791,224	410,909	782,436	406,848	729,266	379,652
Operating expenses	5.1	(791,524)	(412,399)	(547,902)	(283,001)	(542,955)	(278,888)	(513,160)	(265,383)
Gross revenue		245,555	128,303	243,322	127,908	239,481	127,960	216,106	114,269
Other revenues	5.2	6,706	2,836	491	347	967	870	391	246
Other expenses	5.2	(10,105)	(4,507)	(1,544)	(1,024)	(1,531)	(1,186)	(1,460)	(987)
		(3,399)	(1,671)	(1,053)	(677)	(564)	(316)	(1,069)	(741)
Financial income	5.3	4,739	2,405	2,946	1,412	3,655	1,897	12,848	11,458
Financial expenses	5.3	(24,445)	(13,188)	(6,352)	(3,285)	(16,097)	(8,800)	(5,876)	(3,004)
		(19,706)	(10,783)	(3,406)	(1,873)	(12,442)	(6,903)	6,972	8,454
Profit before tax	5.4.3	222,450	115,849	238,863	125,358	226,475	120,741	222,009	121,982
Income tax expense		(75,313)	(40,069)	(76,646)	(39,460)	(66,808)	(35,493)	(73,498)	(40,839)
Net Profit (after tax)		147,137	75,780	162,217	85,898	159,667	85,248	148,511	81,143
Attributable to:									
Parent Company		156,719	81,512	158,572	83,937	159,667	85,248	148,511	81,143
Minority interest		(9,582)	(5,732)	3,645	1,961	-	-	-	-
Net Profit (after tax)		147,137	75,780	162,217	85,898	159,667	85,248	148,511	81,143
Basic earnings per share (amount in EURO)	8	0,47		0,48		0,48		0,45	
Diluted earnings per share (amount in EURO)	8	0,47		0,48		0,48		0,45	

The Financial Statements (pages 3 to 25) which have been prepared in accordance with IAS 34, have been approved by the Board of Directors on August 23, 2006 and are signed, of its behalf, by:

Chairman of the BOD

Managing Director

Chief Financial Officer

Accounting Director

Panagis Vourloumis

Evangelos Martigopoulos

Elias Fotiadis

John Hohorelos

The attached notes on pages 10 to 25 are an integral part of these Interim Condensed Financial Statements

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
INTERIM CONDENSED BALANCE SHEETS (PARENT COMPANY AND CONSOLIDATED)
AS OF 30 JUNE 2006
(In thousands of EURO, unless otherwise is stated)

		THE GROUP		THE COMPANY	
	Notes	30/06/2006	31/12/2005	30/06/2006	31/12/2005
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	1,522,132	1,462,856	711,835	737,827
Goodwill		62,066	62,415	-	-
Licences	10	389,393	391,405	216,827	223,276
Investments		676	909	707,783	707,783
Financial investments	6	219,334	-	219,334	-
Deferred tax assets		6,269	11,332	-	1,067
Other non-current assets		3,341	3,205	3,176	3,013
Total Non-Current Assets		2,203,211	1,932,122	1,858,955	1,672,966
Current Assets					
Inventories		34,757	26,099	19,513	14,522
Trade receivables		239,052	205,307	141,844	125,833
Due from related companies	9	11,096	17,687	47,480	23,051
Mutual funds		825	834	825	834
Other current assets	11	53,446	37,016	27,469	17,072
Cash and cash equivalents		168,626	330,113	99,176	217,487
Total Current Assets		507,802	617,056	336,307	398,799
TOTAL ASSETS		2,711,013	2,549,178	2,195,262	2,071,765
EQUITY AND LIABILITIES					
Equity					
Share capital	12	156,833	156,264	156,833	156,264
Share premium reserve	12	185,315	173,445	185,315	173,445
Legal reserve	14	55,170	52,751	52,088	52,088
Consolidation reserve		(185,688)	(185,688)	-	-
Translation reserve		3,254	3,766	(5,113)	34
Retained earnings		388,387	450,985	282,833	340,062
Total equity attributable to equity holders of the Parent Company		603,271	651,523	671,956	721,893
Minority interest		96,160	105,403	-	-
Total Equity		699,431	756,926	671,956	721,893
Long term Liabilities					
Interest-bearing loans and borrowings	15	815,975	1,124,059	548,697	837,579
Employee retirement benefits		4,750	4,051	4,718	4,019
Deferred tax liabilities		5,360	7,712	83	-
Other long-term liabilities	16	21,540	19,285	19,741	17,809
Total Long-term Liabilities		847,625	1,155,107	573,239	859,407
Current liabilities					
Current portion of non current liabilities		16,141	16,189	16,141	16,141
Short-term borrowings	15	670,007	201,192	650,000	201,000
Trade payables		284,808	260,584	128,559	148,691
Due to related companies	9	16,367	12,248	10,539	5,688
Income tax payable		92,421	65,781	90,247	62,505
Other current liabilities	17	84,213	81,151	54,581	56,440
Total Current Liabilities		1,163,957	637,145	950,067	490,465
Total Liabilities		2,011,582	1,792,252	1,523,306	1,349,872
TOTAL EQUITY AND LIABILITIES		2,711,013	2,549,178	2,195,262	2,071,765

The attached notes on pages 10 to 25 are an integral part of these Interim Condensed Financial Statements

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
INTERIM CONDENSED STATEMENTS OF MOVEMENT IN SHAREHOLDERS EQUITY (PARENT COMPANY AND CONSOLIDATED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2005

(In thousands of EURO, unless otherwise is stated)

	THE GROUP								THE COMPANY					
	Share capital	Share premium reserve	Legal reserve	Exchange differences and others	Retained earnings	Total	Minority interest	Total Equity	Share capital	Share premium reserve	Legal reserve	Exchange differences and others	Retained earnings	Total
Balance 01/01/2005	155,658	160,708	45,717	3,194	606,838	972,115	27,364	999,479	155,658	160,708	45,054	-	520,205	881,625
Income statement effect														
Profit for the year	-	-	-	-	158,572	158,572	3,645	162,217	-	-	-	-	148,511	148,511
Equity effect														
Increase of share capital	606	11,833	-	-	-	12,439	-	12,439	606	11,833	-	-	-	12,439
Dividends	-	-	-	-	(488,740)	(488,740)	-	(488,740)	-	-	-	-	(488,740)	(488,740)
Valuation of mutual funds	-	-	-	7	-	7	-	7	-	-	-	7	-	7
Stock option plan	-	392	-	-	-	392	-	392	-	392	-	-	-	392
Exchange differences	-	-	-	3,713	(6)	3,707	451	4,158	-	-	-	-	-	-
Equity effect	606	12,225	-	3,720	(488,741)	(472,190)	451	(471,739)	606	12,225	-	7	(488,740)	(475,902)
Balance as at 30/06/2005	156,264	172,933	45,717	6,914	276,664	658,492	31,460	689,952	156,264	172,933	45,054	7	179,976	554,234

The attached notes on pages 10 to 25 are an integral part of these Interim Condensed Financial Statements

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
INTERIM CONDENSED STATEMENTS OF MOVEMENT IN SHAREHOLDERS EQUITY (PARENT COMPANY AND CONSOLIDATED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2006

(In thousands of EURO, unless otherwise is stated)

	THE GROUP									THE COMPANY					
	Share capital	Share premium reserve	Legal reserve	Consolidation reserve	Exchange differences and others	Retained earnings	Total	Minority interest	Total Equity	Share capital	Share premium reserve	Legal reserve	Exchange differences and others	Retained earnings	Total
Balance as at 01/01/2006	156,264	173,445	52,751	(185,688)	3,766	450,985	651,523	105,403	756,926	156,264	173,445	52,088	34	340,062	721,893
Income statement effect															
Profit for the year	-	-	-	-	-	156,719	156,719	(9,582)	147,137	-	-	-	-	159,667	159,667
Equity effect															
Increase of share capital	569	11,149	-	-	-	-	11,718	-	11,718	569	11,149	-	-	-	11,718
Transfer to legal reserve	-	-	2,419	-	-	(2,419)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(216,896)	(216,896)	-	(216,896)	-	-	-	-	(216,896)	(216,896)
Valuation of mutual funds and securities	-	-	-	-	(5,147)	-	(5,147)	-	(5,147)	-	-	-	(5,147)	-	(5,147)
Stock option plan	-	721	-	-	-	-	721	-	721	-	721	-	-	-	721
Exchange differences from subsidiaries	-	-	-	-	4,635	(2)	4,633	339	4,972	-	-	-	-	-	-
Equity effect	569	11,870	2,419	-	(512)	(219,317)	(204,971)	339	(204,632)	569	11,870	-	(5,147)	(216,896)	(209,604)
Balance as at 30/06/2006	156,833	185,315	55,170	(185,688)	3,254	388,387	603,271	96,160	699,431	156,833	185,315	52,088	(5,113)	282,833	671,956

The attached notes on pages 10 to 25 are an integral part of these Interim Condensed Financial Statements

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
INTERIM CONDENSED STATEMENTS OF CASH FLOW
(PARENT COMPANY AND CONSOLIDATED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2006

(In thousands of EURO, unless otherwise is stated)

	THE GROUP		THE COMPANY	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
Cash flows from operating activities				
Net profit before tax and minority interest	222,450	238,863	226,475	222,009
Adjustments to:				
Provisions & foreign exchange differences	13,243	4,093	4,834	4,530
Depreciation	149,031	102,393	85,381	91,678
Gain on investments	(4,739)	(2,746)	(3,655)	(2,188)
Interest and other financial expenses	24,445	5,956	16,097	5,876
	404,430	348,559	329,132	321,905
Trade Receivables	(48,286)	(15,614)	(20,833)	(10,098)
Due from related companies	6,591	18,212	(24,430)	17,728
Due to related companies	4,119	(8,978)	(1,357)	(8,438)
Inventories	(8,420)	451	(4,991)	347
Trade payables	25,442	(23,630)	(16,130)	(25,417)
Other non-current assets	(137)	(73)	(163)	(58)
Other non-current liabilities	1,994	-	1,767	-
Other current liabilities	2,463	(8,446)	(933)	(9,290)
Other current assets	(15,512)	(8,745)	(10,425)	(8,312)
Cash flows from operating activities	372,684	301,736	251,637	278,367
Income tax paid	(47,233)	(46,460)	(39,308)	(40,919)
Interest expenses paid	(22,692)	(4,851)	(13,891)	(4,771)
Net cash flows from operating activities	302,759	250,425	198,438	232,677
Cash flows from investment activities				
Purchase of property, plant and equipment and intangible assets	(203,083)	(36,336)	(53,061)	(32,067)
Sale of property, plant and equipment and intangible assets	146	-	123	-
Interest income received/Dividends	5,572	2,746	3,683	2,188
Securities acquisition	(222,789)	-	(222,789)	-
Net cash in investing activities	(420,154)	(33,590)	(272,044)	(29,879)
Cash flows from financing activities				
Proceeds from the increase of share capital	11,718	12,439	11,718	12,439
Proceeds from borrowings	171,200	-	160,000	-
Repayments of borrowings	(10,587)	-	-	-
Dividends paid	(216,423)	(299,233)	(216,423)	(299,233)
Net cash used from financing activities	(44,092)	(286,794)	(44,705)	(286,794)
Net increase / (decrease) in Cash and Cash equivalents	(161,487)	(69,959)	(118,311)	(83,996)
Cash and cash equivalents at beginning of the period	330,113	264,360	217,487	239,496
Cash and Cash equivalents at the end of the period	168,626	194,401	99,176	155,500

The attached notes on pages 10 to 25 are an integral part of these Interim Condensed Financial Statements

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
INTERIM CONDENSED FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED)
AS OF 30 JUNE 2006

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INTERIM CONDENSED FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED)
AS OF 30 JUNE 2006

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COSMOTE MOBILE TELECOMMUNICATIONS S.A.

NOTES ON THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2006

(In thousands of EURO, unless otherwise is stated)

1. Incorporation and activities of the Group

COSMOTE MOBILE TELECOMMUNICATIONS S.A. (hereinafter referred to as the "Company" or "COSMOTE") was incorporated in 1996 (is located at the 44, Kifissias Avenue, Maroussi, R.N 36581/06/B/96/102) as a societate anonime, in order to provide mainly mobile telecommunications services.

The shareholders' structure of the Company is the following:

-OTE SA.	67%
-Flee float and institutional investors	33%

The Interim Condensed Consolidated Financial Statements of COSMOTE and its subsidiaries (hereinafter referred as "Group") are included in the Consolidated Financial Statements of OTE S.A. (is located at the 99, Kifissias Avenue Maroussi, R.N 347/06/B/86/10).

The Group except of COSMOTE comprises from the following subsidiaries:

Company	Activity	Location	Ownership Interest 30/6/2006	Ownership Interest 31/12/2005
• COSMO-HOLDING ALBANIA (1)	Holding Company	Greece	97%	97%
• OTE MTS HOLDING BV (2)	Holding Company	Holland	100%	100%
• S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. (3)	Services Company	Romania	70%	70%
• COSMOBULGARIA MOBILE EAD (GLOBUL) (4)	Services Company	Bulgaria	100%	100%

(1) COSMOS-ALBANIA S.A., with the common use title of COSMO-HOLDING ALBANIA ("CHA") holds 85% of the share capital of Albania Mobile Communications Sh.a ("AMC"). The remaining share capital of AMC is owned by the Albanian State with percentage of 12,68% and by third parties with a percentage of 2,32%. COSMOTE participates in CHA with a percentage of 97%, while the Norwich company Telenor Mobile Communications A.S. owns the remaining 3%.

(2) Through the acquisition of the shares of the Dutch holding company OTE MTS HOLDING BV, COSMOTE acquired the 100% of the shares of the mobile telecommunication company, COSMOFON MOBILE TELECOMMUNICATIONS AD-Skopje ("COSMOFON").

(3) In July 2005, the 70% of COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A ("COSMOTE ROMANIA") was acquired.

(4) In August 2005 the 100% of the shares of the mobile telecommunications company, COSMOBULGARIA MOBILE EAD ("GLOBUL") was acquired.

The Company's and Group's employees at 30 June 2006 amounted to approximately 2,195 and 4,514 respectively.

2. Basis of preparation of the Financial Statements

The attached Parent and Consolidated Financial Statements (hereinafter referred to as the «Financial Statements») have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and have been prepared on the historical cost basis, except for the valuation of various assets and liabilities which are at their fair value.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

NOTES ON THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2006

(In thousands of EURO, unless otherwise is stated)

3. Significant Accounting Policies**3.1 General**

The accounting policies and the valuation methods are the same with those adopted and followed for the preparation of the published Financial Statements as of 31 December 2005.

The attached Consolidated Financial Statements include the financial statements of COSMOTE as well as the statements of the companies that are mentioned to the note 1 except of COSMO-ONE HELLAS MARKET SIGHT S.A. and COSMO-MEGALA KATASTIMATA S.A. which are included to the Consolidated Financial Statements using the net-equity method.

It is noted that these Financial Statements have been prepared in accordance with IAS 34, they do not include all of the information required for full annual financial statements and should be read in conjunction with the published financial statements of the Group for the year ended 31 December 2005, that have been posted on the Internet at the website address, www.cosmote.gr.

3.2 New Accounting Standards and Interpretations of I.G.C.F.S.

The adoption by the European Union, by 31 December 2006, of new standards and interpretations and amendments which is probable to be issued within the year, by the International Accounting Standards Board (IASB) and their mandatory or voluntary adoption for periods beginning after 1 January 2006, may retrospectively affect the period that these Interim Financial Statements present.

4. Operating revenues

The analysis of operating revenues is as follows:

Revenues	THE GROUP				THE COMPANY			
	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005
Monthly service fees	232,317	118,656	155,715	80,750	193,846	98,913	154,729	80,233
Airtime	407,773	215,722	317,414	165,014	288,912	152,619	277,284	144,341
Interconnection	265,169	136,626	208,284	108,997	198,898	101,627	189,148	99,912
Roaming	23,651	17,024	14,518	10,005	13,912	11,441	13,043	9,232
SMS	73,431	34,813	65,352	31,630	62,269	29,203	63,098	30,515
Sales of handsets & accessories	32,329	16,920	19,493	9,899	17,968	9,814	19,600	9,832
Other revenues	2,409	941	10,448	4,564	6,631	3,231	12,364	5,587
Total Revenues	1,037,079	540,702	791,224	410,909	782,436	406,848	729,266	379,652

COSMOTE MOBILE TELECOMMUNICATIONS S.A.**NOTES ON THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2006**

(In thousands of EURO, unless otherwise is stated)

5. Analysis of expenses**5.1 Operating expenses**

The analysis of Operating Expenses is as follows:

	THE GROUP				THE COMPANY			
	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005
Interconnection charges	208,196	107,873	157,069	82,616	166,278	85,214	146,498	76,970
Distribution expenses	209,664	114,623	151,622	81,325	153,712	82,202	147,928	78,621
Depreciation	149,031	75,337	102,393	51,539	85,381	42,516	91,678	46,049
Network operating expenses	82,813	41,051	47,204	22,068	44,505	20,877	40,820	19,063
Payroll and related cost	65,871	34,121	43,482	21,898	46,388	23,043	41,915	21,134
Cost of goods sold	28,609	14,904	16,323	8,132	14,669	8,353	16,363	8,095
Data (content) services	10,920	5,550	9,747	5,125	9,359	4,823	9,747	5,124
Provision of bad debt	8,778	4,139	4,605	1,262	4,821	2,143	4,042	1,254
Other expenses	27,642	14,801	15,457	9,036	17,842	9,717	14,169	9,073
Total	791,524	412,399	547,902	283,001	542,955	278,888	513,160	265,383

Adjustments have been made on certain accounts as of 30 June 2005, for comparative reasons.

5.2 Other revenues-expenses

Other Revenues-Expenses are analyzed as follows:

	THE GROUP				THE COMPANY			
	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005
Foreign exchange differences								
Gains	5,929	2,114	97	59	813	766	97	59
Loss	(7,696)	(2,263)	(54)	(145)	(102)	105	(232)	(129)
Total	(1,767)	(149)	43	(86)	711	871	(135)	(70)
Penalties	(1,371)	(1,281)	(1,168)	(802)	(1,334)	(1,256)	(1,166)	(798)
Other expenses	(1,038)	(963)	(322)	(77)	(95)	(35)	(62)	(60)
Other revenues	777	722	394	288	154	104	294	187
Total	(1,632)	(1,522)	(1,096)	(591)	(1,275)	(1,187)	(934)	(671)
Total Revenues	6,706	2,836	491	(347)	967	870	391	246
Total Expenses	(10,105)	(4,507)	(1,544)	(1,024)	(1,531)	(1,186)	(1,460)	(987)
	(3,399)	(1,671)	(1,053)	(677)	(564)	(316)	(1,069)	(741)

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5.3 Financial revenues-expenses

The analysis of the Financial Revenues-Expenses is as follows:

	THE GROUP				THE COMPANY			
	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005
Financial Expenses								
Interest expense	(24,052)	(12,974)	(5,956)	(3,090)	(16,076)	(8,790)	(5,876)	(3,004)
Other financial expenses	(393)	(214)	(396)	(195)	(21)	(10)	-	-
Total financial expenses	(24,445)	(13,188)	(6,352)	(3,285)	(16,097)	(8,800)	(5,876)	(3,004)
Financial Revenues								
Interest income	4,739	2,453	2,746	1,223	3,655	1,945	2,188	798
Dividends and Other	-	(48)	200	189	-	(48)	10,660	10,660
Total financial revenues	4,739	2,405	2,946	1,412	3,655	1,897	12,848	11,458
Financial Revenues/ (Expenses) net	(19,706)	(10,783)	(3,406)	(1,873)	(12,442)	(6,903)	6,972	8,454

5.4 Income tax**5.4.1 Greek companies**

In accordance with the provision of Greek tax law, the income tax rate applicable to companies up to 31 December 2005, was 32%. In accordance with the Law 3296/2004 the income tax rate decreases to 29% for the fiscal year 2006 and will further decrease to 25% for the fiscal year 2007 and onwards.

Greek tax legislation and relevant regulation are subject to interpretations by the tax authorities. Tax returns are filed annually to the tax authorities but the profits or losses declared for tax purposes remain provisional until the time when the tax authorities examine the returns and the books of the taxpayer and based on that examination a final assessment is issued. Tax losses, to the extent they are recognized by the tax authorities, may be used to set-off profits of the following five fiscal years.

COSMOTE has not yet been audited by the tax authorities for the fiscal years 2004 to 2005 and for the six months period ended 30 June 2006. Consequently, the Company's tax liabilities for the unaudited tax years and for the period ended 30 June 2006, have not yet been finalized.

COSMOTE's subsidiary in Greece, CHA, has not been audited since its incorporation.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

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(In thousands of EURO, unless otherwise is stated)

5.4.2 Tax liabilities of the subsidiaries in abroad

The following subsidiaries have not been audited by the tax authorities for the following years and consequently their tax liabilities for these years have not yet been finalized.

<u>Company's name</u>	<u>Unaudited tax years</u>
AMC	2002-2005
COSMOTE ROMANIA	2004-2005
COSMOFON	2001-2005
GLOBUL	2005
OTE MTS HOLDING BV	2001-2005

It should be noted that the period between 01/01/2006 to 30/06/2006 is also unaudited by the tax authorities for the abovementioned companies. It is also noted that AMC is under the audit process by the tax authorities for the fiscal years 2002 to 2005, which is expected to be completed by the end of September 2006.

For the unaudited tax years, there is a possibility of additional taxes' imposition, at the time that they will be examined by the tax authorities and their tax liabilities will be finalized.

5.4.3 Income tax Provision

The provision for income taxes which has been charged in the Income Statement has as follows:

	THE GROUP				THE COMPANY			
	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006	01/01/2005- 30/06/2005	01/04/2005- 30/06/2005
Current income tax	(72,602)	(38,065)	(81,270)	(45,283)	(65,658)	(34,292)	(73,445)	(41,397)
Deferred income tax	(2,711)	(2,004)	4,624	5,823	(1,150)	(1,201)	(53)	558
Total	(75,313)	(40,069)	(76,646)	(39,460)	(66,808)	(35,493)	(73,498)	(40,839)

6. Financial investments

The Company, during the second quarter of 2006, purchased 11,729,103 shares of GERMANOS S.A., through the Athens Stock Exchange, with an average acquisition cost EURO 18.99 (absolute figure) per share. These stocks represent a 14.37% stake of share capital of GERMANOS S.A.. On 30 June 2006, the price of stock was EURO 18.70 (absolute figure), and as a result the cost of the investment was reduced by EURO 3,745 (including the expenses of acquisition of these stocks). This reduction is presented deductible by equity. It is noted that until 30 June 2006, the Company had not participated to the management of GERMANOS S.A..

7. Segment Information

The following information refers to the segments of the Group which should be reported separately in the Financial Statements.

Segments are determined based on Group's structure based on the system of which the financial decision makers review the financial information, of the parent company and each of its subsidiaries, which are included in the consolidated financial statements.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.**NOTES ON THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2006**

(In thousands of EURO, unless otherwise is stated)

Using the quantitative criteria set by the related Standard, COSMOTE and the rest of the subsidiaries which are activated in the Balkans, have been defined as segments, that must be presented separately in the Financial Statements.

Accounting policies of the segments are the same with those followed for the preparation of the Annual Financial Statements. Management evaluates the effect of the segments based on operating and net result.

Information concerning the segments and the reconciliation with the Group's consolidated financial statements are as follows:

30/06/2006	GREECE	ALBANIA	BULGARIA	ROMANIA	FYROM	Total	Consolidation entries	GROUP
Revenues from customers of the Group	774,924	69,110	155,636	13,860	23,549	1,037,079	-	1,037,079
Intercompany sales	7,512	168	564	146	142	8,532	(8,532)	-
Operating expenses	(542,962)	(40,973)	(130,765)	(56,384)	(27,676)	(798,760)	7,236	(791,524)
Financial and other revenues/(expenses)	(13,022)	1,282	(7,275)	(2,500)	(1,167)	(22,662)	(443)	(23,105)
Gains/(losses) of the period before taxes	226,472	29,587	18,160	(44,878)	(5,152)	224,189	(1,739)	222,450
Gains/(losses) after taxes attributable to Parent company	161,392	18,459	15,174	(31,415)	(5,152)	158,458	(1,739)	156,719

30/06/2005	GREECE	ALBANIA	BULGARIA	ROMANIA	FYROM	Total	Consolidation entries	GROUP
Revenues from customers of the Group	727,125	64,099	-	-	-	791,224	-	791,224
Intercompany sales	2,141	-	-	-	-	2,141	(2,141)	-
Operating expenses	(513,278)	(36,622)	-	-	-	(549,900)	1,998	(547,902)
Financial and other revenues/(expenses)	6,027	194	-	-	-	6,221	(10,680)	(4,459)
Gains/(losses) of the period before taxes	222,015	27,671	-	-	-	249,686	(10,823)	238,863
Gains/(losses) after taxes attributable to Parent company	152,415	16,980	-	-	-	169,395	(10,823)	158,572

8. Earnings, after Income taxes, per share

The earnings, after Income taxes, per share are calculated by dividing the profit attributable to the Shareholders of the Company by the weighted average number of issued and outstanding shares during the period.

The earnings, after income taxes, per share are analyzed as follows:

	THE GROUP		THE COMPANY	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
Profits distributed to the shareholders of the parent company	156,719	158,572	159,667	148,511
Weighted average number of shares outstanding (in thousands)	333,506	332,383	333,506	332,383
Basic Earnings per share (absolute figure)	0.47	0.48	0.48	0.45
Diluted Earnings per share (absolute figure)	0.47	0.48	0.48	0.45

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

NOTES ON THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2006

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9. Transactions with related companies

Related parties of the Group, are considered COSMOTE, the subsidiaries, the associated Companies, and their executive directors. The related parties are companies with common shareholding structure and/or management.

The Company purchases goods and services from affiliated entities while sells goods and provides services to them.

Sales of goods to related companies related mainly to merchandise sales (e.g. COSMOKARTA, air time cards, SIM cards) etc. The prices are determined on the basis of cost plus profit. The services sales related mainly to interconnection, technical and personnel allowance, leased lines, renting, roaming services etc.

Rendered services from related parties are on the basis of cost plus profit and are mainly related to interconnection services and building rents, leased lines, receiving and printing bills, sales commissions etc.

At the below table, there is an analysis of the receivables and payables at 30 June 2006 and 31 December 2005 respectively.

	THE GROUP		THE COMPANY	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Receivables from:				
OTE	2,327	10,725	-	10,725
COSMOFON	-	-	6,410	5,018
COSMOTE ROMANIA	-	-	36,425	3,529
AMC	-	-	2,223	2,685
GLOBUL	-	-	1,125	13
CHA	-	-	613	634
ROM TELECOM	715	520	-	-
OTE GLOBE	7,392	5,947	-	-
Other	662	495	684	447
Total	11,096	17,687	47,480	23,051
Payables to:				
HELLASCOM	1,110	1,275	-	-
ROM TELECOM	-	765	-	-
OTENET	218	194	218	194
OTE ESTATE	982	227	982	227
OTE Plc	6,088	6,642	6,088	4,127
OTE	7,279	541	2,868	-
OTE GLOBE	321	911	-	3
AMC	-	-	-	894
OTE INTERNATIONAL INVESTMENTS	242	731	-	-
Other	127	962	383	243
Total	16,367	12,248	10,539	5,688

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The loans payable to related companies at 30 June 2006 are as follows:

BORROWER	LENDER					
	OTE		INTERNATIONAL	OTE	COSMOTE	TOTAL
	AMC	OTE Plc				
COSMOTE	49,700	1,148,997	-	-	-	1,198,697
GLOBUL	-	200,000	-	-	-	200,000
COSMOTE ROMANIA	-	-	16,099	-	30,000	46,099
COSMOFON	-	-	-	56,200	-	56,200
TOTAL	49,700	1,348,997	16,099	56,200	30,000	1,500,996
Elimination of loans undertaken by COSMOTE/AMC	(49,700)	-	-	-	(30,000)	(79,700)
GROUP' S TOTAL (Note 15)	-	1,348,997	16,099	56,200	-	1,421,296

Related parties transactions, are analyzed as follows:

	THE GROUP		THE COMPANY	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
Revenues				
Interconnection Fees	73,738	67,144	62,764	67,144
Sales of prepaid airtime cards and SIM cards	9,496	4,578	9,311	4,578
Management fees	-	9,005	5,742	10,921
Sales of prepaid packages and handsets	495	4,999	2,431	5,224
Roaming	-	-	395	-
Other	1,833	88	1,394	146
Total	85,562	85,814	82,037	88,013
Expenses				
Subscribers' Commissions	(37,696)	(37,367)	(37,254)	(37,367)
Interconnection Charges	(13,116)	(12,525)	(10,632)	(12,525)
Leased lines	(16,507)	(11,550)	(12,216)	(11,550)
Enveloping, Postage and collection of accounts receivable	(7,871)	(8,527)	(7,867)	(8,527)
Network expenses	(2,059)	(2,331)	(1,973)	(2,331)
Rents	(3,259)	(2,356)	(3,190)	(2,356)
Interest expenses	(21,917)	-	(15,536)	-
Payroll expenses	(2,659)	-	(2,659)	-
Roaming	-	-	(902)	-
Other	(1,270)	(3,251)	(1,212)	(3,251)
Total	(106,354)	(77,907)	(93,441)	(77,907)

Fees paid to the members of the Board of Directors of the Group which have been charged to the Income Statement of the six months period ended 30 June 2006 amounted to EURO 68, of which EURO 42 are related to the Company.

Respectively fees paid to the General Managers of the Company for the same period, amount to EURO 1,422, while fees paid to General Managers of the subsidiaries amount to EURO 2,523.

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It is noted that with the decision of the Company's 9th Annual General Shareholders' Meeting that took place on 9 June 2006, a new Board of Directors was elected due to expiration of services of the previous one. The composition of the new Board of Directors is as follows:

P. Vourloumis	Chairman, non executive member of BOD
K. Apostolidis	Vice President, independent non executive member of BOD
E. Martigopoulos	Managing Director, executive member of BOD
J. Vezanis	Independent non executive member of BOD
E. Despotou	Non executive member of BOD
G. Ioannides	Non executive member of BOD
G. Maurakis	Non executive member of BOD
C. Oikonomou	Non executive member of BOD
J. Sarantitis	Non executive member of BOD

The services of the above mentioned Board of Directors expire on 8 June 2009.

10. Property, plant, equipment and telecommunications licences

The net additions of the six months period ended 30 June 2006, are as follows:

	THE GROUP	THE COMPANY
Acquisition cost 31/12/2005	3,042,477	1,755,148
Additions	203,083	53,061
Disposals	(1,810)	(1,787)
Exchange differences	14,673	-
Acquisition cost 30/06/2006	3,258,423	1,806,422
Accumulated depreciations 31/12/2005:	1,188,216	794,045
Depreciations of the period	149,031	85,381
Depreciations of the disposed assets	(1,689)	(1,666)
Exchange differences	11,340	-
Accumulated depreciations 30/06/2006	1,346,898	877,760
Net Value		
Property, plant, equipment	1,522,132	711,835
Telecommunications licences	389,393	216,827
	1,911,525	928,662

It is noted that the additions concerning the Group have been calculated using the average exchange rates of the period.

The net additions for the six months period ended 30 June 2006, per subsidiary, are as follows:

COSMOTE ROMANIA	82,871
AMC	13,937
GLOBUL	45,744
COSMOFON	7,447
COSMOTE	51,274
	<u>201,273</u>

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11. Other current assets

Other Current Assets are analyzed as follows:

	THE GROUP		THE COMPANY	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Advance payments to third parties	36,128	17,578	25,929	14,598
VAT receivable	10,187	13,367	-	-
Accrued income	416	586	416	253
Advance for Income tax	3,999	3,999	-	-
Other Receivable	2,716	1,486	1,124	2,221
	53,446	37,016	27,469	17,072

12. Share Capital –Share premium reserve

On 31 December 2005, the Company's Share Capital amounted to EURO 156,264, divided in 332,476,500 registered shares, with nominal value of EURO 0.47 (amount in EURO) each.

Based on the Board of Directors decision, the Company's share capital was increased by EURO 569 with the deposit of cash and with the issue of 1,211,610 new registered shares, with nominal value of EURO 0.47 (amount in EURO) each, due to the stock options plan in accordance with art. 13 par. 9 of the CL 2190/1920.

Therefore, subsequent to the above mentioned increase and the full payment of the share capital the total paid in share capital of the Company on 30 June 2006 is 156,833 divided in 333,688,110 registered shares, with nominal value of EURO 0.47 (amount in EURO) each.

The share premium reserve increased by EURO 11,149 due to the stock options plan.

13. Dividends

In accordance with Greek corporate law, companies are required each year to declare from profits, dividends of at least 35% of after-tax profit, after allowing for legal reserve, or a minimum of 6% of the paid-in share capital, whichever is greater.

The holders of shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

According to the decision of the Company's 9th Annual General Shareholders' Meeting, which took place on 9 June 2006, the Company distributed dividends of the year 2005 results, amounted to EURO 216,896 (EURO 0.65 per share in absolute figure).

14. Legal reserve

The General Shareholders' Meeting of COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS SA, that took place on 30 May 2006, approved the creation of a legal reserve amount to EURO 2,419.

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15. Interest borrowings

Interest borrowings as presented to the Financial Statements, are analyzed as follows:

	O ΟΜΙΛΟΣ		Η ΕΤΑΙΡΙΑ	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Long-term borrowings	815,975	1,124,059	548,697	837,579
Short-term borrowings	670,007	201,192	650,000	201,000
Total borrowings	1,485,982	1,325,251	1,198,697	1,038,579
Borrowings from related companies (Note 9)	1,421,296	1,249,879	1,198,697	1,038,579
Borrowings from third parties	64,686	75,372	-	-
Total	1,485,982	1,325,251	1,198,697	1,038,579

The movement of the Group's borrowings for the six months period ended 30 June 2006, is as follows:

Group's balance as of 31/12/2005	1,325,251
Additions of new borrowings	160,000
Borrowings' expenses	118
Additions of subsidiaries' new borrowings	11,200
Payments of subsidiaries' borrowings	(10,587)
Group's balance as of 30/6/2006	1,485,982

The Short term Borrowings as of 30 June 2006 are as follows:

Company's short term payable of long term borrowings	490,000
Company's new borrowings	160,000
Subsidiaries' short term payable of long term borrowings	20,007
Total	670,007

16. Other long term liabilities

	THE GROUP		THE COMPANY	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Current portion of 3G license (present value)	15,058	14,737	15,058	14,737
Asset retirement obligations	5,036	4,456	3,237	3,072
Valuation of swap (A)	1,446	-	1,446	-
Other	-	92	-	-
Total	21,540	19,285	19,741	17,809

(A) On 7 April 2006 the Company made a derivative agreement (swap) for the hedging of risks arising from its borrowings due to fluctuations of EURIBOR rate. The swap concerns the EURIBOR rate for borrowings of EURO 200,000. For the valuation of the swap the hedging accounting was used and consequently the Net Equity was reduced by EURO 1,446.

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17. Other current liabilities

Other current liabilities are analyzed as follows:

	THE GROUP		THE COMPANY	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Taxes	25,805	23,340	23,156	21,872
Unbilled revenues	39,825	35,515	24,047	20,008
Customers' Guarantees	6,261	5,814	3,224	3,248
Social Security	4,022	5,116	2,975	4,675
Dividends payable	1,556	1,084	1,057	583
Other debtors	6,744	10,282	122	6,054
Total	84,213	81,151	54,581	56,440

18. Subsequent events**18.1 Acquisition through the Stock Exchange of a higher stake in GERMANOS S.A.**

On 4 August 2006, COSMOTE acquired through the Stock Exchange, apart from the shares mentioned in par. 6 of the Financial Statements, another 5,200,000 shares of GERMANOS S.A., which represent an additional participation stake of 6.38% in the share capital of GERMANOS S.A. Consequently, on 23 August 2006, the Company's participation in the share capital of GERMANOS S.A. was 20.75%.

18.2 Receipt of approvals from the competent authorities for the acquisition of GERMANOS S.A.

The competition authorities of Bulgaria, FYROM and Ukraine have unconditionally approved the acquisition of GERMANOS S.A. On 16 August 2006, the Telecommunications and Post Commission (NTPC) also approved the acquisition, subject to specific conditions that relate to issues of confidentiality, non-discriminatory treatment of competitors and maintenance of the brand name "GERMANOS" for as long as agreements between GERMANOS S.A. and OTE Group's competitors are still valid, issues of maintaining separate price lists for each of COSMOTE's products, the offering of segregated COSMOTE's products and services and finally issues relating to NTPC's right to evaluate and verify the adherence to these conditions anytime, to review the impact of the concentration on the specific markets and to impose additional conditions in the future. The issuance of the approval from the competition authority of Romania is still pending.

Furthermore, COSMOTE has initiated procedures for the incorporation of a Special Purpose Vehicle (SPV) in Cyprus. The SPV shall acquire the 42% of the shares of GERMANOS S.A. and shall launch the public tender offer.

Finally, it must be noticed that all documents for the bridge financing of the acquisition have been already signed according to par. 18.3 below.

18.3 Borrowing

A. On 3 August 2006, COSMOTE signed in London an agreement for the issuance of a bond loan according to L.3156/2003 with the banks JP MORGAN and CITIGROUP as arrangers, for an amount of up to EURO 1,5 billion for the bridge financing of the acquisition of GERMANOS S.A. OTE S.A. has guaranteed the Bond. The bond has a maximum duration of 12 months with possibility of prepayment and (under certain conditions) mandatory prepayment from COSMOTE. Under the above bond, on 7 August 2006 COSMOTE has received the amount of EURO 223,000.

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B. On 18 July 2006, COSMOTE concluded with SC COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A. (COSMOTE ROMANIA) an agreement for the extension until 19 September 2006 of the loan dated 16 May 2006 of an amount of EURO 30,000 between COSMOTE and COSMOTE ROMANIA. Following the above, on 28 July 2006, a loan has been signed between COSMOTE and COSMOTE ROMANIA for an amount of EURO 160,000 with a duration until 7 February 2007. Part of this loan will be used to refinance the existing EURO 30,000 facility that COSMOTE ROMANIA has already received from COSMOTE.

18.4 Participation of COSMOTE ROMANIA to a tender for the granting of a 3G License in Romania

On July 2006, the Board of Directors of COSMOTE ROMANIA approved the participation of COSMOTE ROMANIA to the tender launched by the Inspectorate General for Communications and Information Technology of Romania for the granting of two 3G licenses of a duration of 15 years, renewable for another 10 years and for a consideration of US dollars 35 million each.

18.5 Decision by NTPC concerning the Regulation of Mobile Termination Rates

In July 2006, NTPC published a Decision designating COSMOTE, VODAFONE and the combined operator TIM-HELLAS/Q as organisations with Significant Market Power in the market for voice call termination to each of their networks. NTPC imposed regulatory obligations on each operator, including a requirement to make phased reductions in rates to reach the cost-orientated level, as defined by the LRIC cost models which NTPC had developed for each operator's network. In the case of COSMOTE, the cost-orientated rate is set at 0.1067 €/minute in June 2007, without a minimum charge. This means that COSMOTE, in addition to the reductions in termination rates it made on 1 June 2006 (from 0.145 €/minute to 0.12 €/minute, with a minimum charge of 30 seconds per call) will make further reductions in termination rates in January and June 2007.

18.6 European Commission Draft Regulation concerning International Roaming Charges

In July 2006, the European Commission published a draft Regulation concerning the setting of international roaming charges within the European Union. According to European Community law, the Regulation, subject to it being approved by the relevant Community institutions, will come into immediate effect without first requiring transposition into domestic law by Member States. The Regulation would require significant reductions in roaming charges, both at the wholesale and retail levels. Wholesale reductions would come into effect immediately once the Regulation is issued, while retail reductions would occur within the succeeding 6 months. The European Commission has said that it expects the Regulation to be approved by the Summer of 2007.

19. Commitments and Contingent Liabilities

The most significant commitments of the Group as at 30 June 2006 are the following:

19.1 Licenses terms

There are no important changes for the six months period ended 30 June 2006 in relation with those reported in the published Financial Statements as of 31 December 2005.

19.2 Capital commitments

The Group has a number of outstanding capital commitments on supplier contracts, which on 30 June 2006, amounted to approximately EURO 47,000, as well as a number of lease agreements relating to the rental of buildings sites, whose future payments amounted to approximately EURO 125,000.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

NOTES ON THE INTERIM CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2006

(In thousands of EURO, unless otherwise is stated)

19.3 Tax issues

As mentioned in par. 5.4, the Company and its subsidiaries have not been audited by the tax authorities for various fiscal years and for the period ended 30 June 2006. Consequently their tax liabilities for these unaudited years and for the period ended 30 June 2006 have not yet been finalized.

20. Financial Instruments

20.1 Exchange risks

Group operates in Greece and in other countries in Balkan so there is an exchange risk, which derives from the translation of the related foreign currencies to EURO. The risk related to the borrowings of the Group is not considered significant for the Group's as the Company's liabilities are mainly related to EURO.

20.2 Credit risks

The Group has a clearly defined credit policy, which is followed consistently. Furthermore, due to the spreading of the Group's customers, the exposure to credit risks is limited as far as these receivables are concerned.

20.3 Interest rate risks

Most of the Group's interest-bearing receivables and liabilities are related to floated rates, which are adjusted in the conditions of the market.(note 16A).

20.4 Liquidity risk

Liquidity risk is maintained in low levels due to the availability of cash and cash equivalents and the credit limits.

21. Encumbrances

There are not mortgages and registrations of future mortgages or encumbrances of any other kind on the Group's fixed assets.

22. Litigation

With regard to the most significant disputes of COSMOTE and its subsidiaries at 30.06.2006, the disputes, which are included in the notes of the Financial Statements at 31 December 2005 are in effect, with the sole exceptions of the following:

22.1 COSMOTE

22.1.1 NTPC has notified to COSMOTE the no. 13542/F391/12.05.05 Transaction of Hearing Procedure with which, after the relevant demand of the Minister of Development, has called COSMOTE as well as TIM and VODAFONE on a hearing on 18 May 2005, to investigate whether the announced increases on tariffs for the SMS¹ are contrary to the

¹ On 14.04.2005 COSMOTE has announced its new price policy concerning the post paid subscribers, which involves among others the offer of new packages of bundled free minutes (SMS 30, SMS 60, SMS 120) and the increase of the basic price of each sms from 0,085 to 0,09 euro per sms

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provisions of telecommunication law and the law for the protection of free competition. The hearing has been held on 23 May 2005. A new hearing took place on 3 November 2005 due to the change of the members of NTPC. NTPC issued a decision that imposed a fine of 1,000 euro to each company for violation of competition law. On 17 April 2006, COSMOTE appealed to the Athens' Administrative Court of Appeal against the decision of NTPC. The hearing has been set for 27 September 2006.

22.1.2. On 06 November 2001 a claim for damages was served to COSMOTE, which was brought on 28 October 2001 before the Court of First Instance of Athens by the Monastery of Prophet Ilia (Santorini) against COSMOTE and OTE. The claim concerned damages at the monastery due to the installation of the base station for EURO 1,760. The Monastery limited its claim to EURO 1,051 with its motions on 20 January 2003. The case has been discussed on 01 June 2006 and the issuance of the decision is still pending.

22.1.3 The Company has filed a petition of annulment before the Council of State, against the resolution of NTPC number 275/72B/07.02.2003, pursuant to which the Company was nominated as an Organization with Significant Market Power (SMP) in the national interconnection market. The annulment petition has been discussed on 13 June 2006 by a seven-member panel of the Council of State, where it was proposed to refer the case for trial before the Administrative Appellate Court (according to the new law 3431/2006 published in February 2006, the Administrative Appellate Court of Athens is competent for the appeals against NTPC' decisions). The case is still pending.

22.2 AMC

22.2.1. In April 2006, the Regulatory Authority of Albania issued the no.286/26.4.2006 decision according to which AMC was designated as operator with significant market power in the call termination market and in the mobile telephony market for the period from 1 May 2006 to 1 May 2007. According to the above Decision, the Regulatory Authority may control, among others, the call termination rates of AMC and AMC is obliged to provide to the other operators equal treatment. AMC has accepted the designation as OSMP in the call termination market, but has filed a complaint against its designation as OSMP in the mobile telephony market. The Regulatory Authority rejected AMC's claim, so subsequently AMC has filed a lawsuit before the Tirana District Court against TRE's decision.

22.2.2. In May 2004, the Regulatory Authority of Albania has suggested significant reductions of interconnection tariffs. AMC has presented a claim against this Decision in front of the Tirana District Court. The last hearing took place on 27 January 2006. In parallel, the parties began negotiations in order to resolve amicably this dispute. In December 2004, AMC & Albtelecom have come to an agreement for the tariffs applying until November 2005. In April 2006, since no agreement for the tariffs applying for 2006 had been reached, the Regulatory Authority of Albania intervened and proposed interconnections tariffs for the year 2006. AMC has finally reached an agreement with Albtelecom and the Interconnection Agreement for the tariffs recommended by TRE shall be signed soon.

22.2.3. In May 2004, the Regulatory Authority of Albania has also declared invalid the interconnection agreements between Albtelecom on the one part and AMC and Vodafone on the other part. AMC appealed the Regulatory Authority's decision in front of the Tirana District Court, which decided to declare the absolute invalidity of the above decision of TRE. TRE has presented an appeal against such decision. The hearing has been set for 12 July 2006 and again postponed for September.

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- 22.2.4** On 12 December 2005 the Albanian Competition Commission imposed a fine to AMC of approximately EURO 1,4 million (1% of the company's turnover for 2004) on the grounds of allegedly delaying in responding to a request for information and provision of documents. On 4 January 2006 AMC filed in front of Tirana District Court 2 (two) Law Suits versus the Competition Authority, demanding the annulment of the decision requesting information as well as of the decision imposing the fine, since the requested information had timely been dispatched to the Competition Authority. The hearing dates have not been set yet. On 7 July 2006, the Tirana District Court decided to reject the applications of AMC and AMC presented an appeal.
- 22.2.5.** The Albanian fixed telephony company "Albtelecom" owes AMC an amount EURO 28,744 of for interconnection fees for invoiced amounts since January 2001. Albtelecom also owes to AMC an amount of approximately EURO 7,928 due to discrepancies in measurements of interconnection fees mainly for the period January-May 2001. According to the terms of the interconnection agreement eventual differences between the parties are solved by arbitration in front of the International Chamber of Commerce in Paris.
- 22.2.6** In May 2006, the Albanian Parliament decided the formation of an investigative parliamentary commission, to investigate the competition in the Albanian mobile market and the compliance to the relevant legislation by all involved parties, companies and authorities.

22.3 COSMOFON

In August 2005, the fixed line incumbent operator of FYROM Maktel, has unilaterally attempted to reduce the interconnection rates for the termination of voice calls. COSMOFON has not accepted such reductions claiming that it is not in accordance with the interconnection agreement in force between the parties. Since no agreement between the parties has been reached, in February 2006, COSMOFON appealed in front of the Regulatory Authority. In July 2006, the Regulatory Agency for Electronic Communications rejected COSMOFON's request in first instance. COSMOFON appealed in front of the Commission of the Agency.

22.4. GLOBUL

On 20 June 2006, the Regulatory Authority of Bulgaria designated GLOBUL as an operator with significant market power in the mobile telecommunications and services market. Following such designation and according to the legislation in force, GLOBUL has obligations for equal treatment of the other operators, transparency and confidentiality. On 11 July 2006, GLOBUL appealed the decision before the Supreme Administrative Court and the first court hearing was appointed for 27 November 2006.

GLOBUL is also appealing the preliminary execution of the decision. There is still no decision of the Court on this issue.

23. Other events

23.1 Purchase of 42% of GERMANOS S.A. shares

On 9 May 2006 COSMOTE concluded an agreement with Mr. P. Germanos, major shareholder and founder of the listed in the Athens Exchange company, GERMANOS S.A., and other shareholders of

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the company, for the acquisition of a strategic stake of 42% in the above company, subject to receipt of all necessary approvals by the competent authorities, for a consideration of EURO 19 per share. COSMOTE will execute the acquisition through a Special Purpose Vehicle (SPV), which, following such acquisition, shall launch a tender offer for the remaining shares of GERMANOS S.A. In parallel, according to the agreement the non-core to COSMOTE's operations assets shall be transferred back to Mr. P. Germanos or a company controlled by him.

The transfer of these assets to Mr. P. Germanos or to a company controlled by him is expected to be effected at the time of the completion of the acquisition of the 42%. The necessary approvals by the relevant corporate bodies of GERMANOS S.A. have already been received, while the approval of the General Assembly of GERMANOS S.A. concerning the spin-off of the industrial sector to a subsidiary company of GERMANOS S.A. whose shares shall be transferred to Mr. P. Germanos, is still pending (the meeting of the General Assembly has been set for the 25 August 2006). The above transfer has been already pre-approved by the General Assembly meeting of GERMANOS S.A. on 11 July 2006.

Following the public tender offer Mr. P. Germanos or a company controlled by him will reinvest in GERMANOS S.A. for a period of 3 to 5 years through the SPV.

The full gross equity value of the transaction will reach up to EURO 1.58 billion (absolute figure), while the net cost, following the disposals and the reinvestment of Mr Panos Germanos, will be approximately EURO 1.3 billion (absolute figure), without taking into consideration the cash and cash equivalents of GERMANOS S.A.. COSMOTE shall finance the acquisition of 42% of the outstanding shares of GERMANOS S.A. and the public tender through borrowings.

Limited review report