

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
FINANCIAL STATEMENTS
PARENT COMPANY AND CONSOLIDATED FOR THE YEAR ENDED
31 DECEMBER 2007
IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS

FREE TRANSLATION FROM THE GREEK ORIGINAL

The attached Financial Statements are those that have been approved by the Board of Directors of COSMOTE MOBILE TELECOMMUNICATIONS S.A on March 17, 2008 and have been published by posting on the Internet at the web site address www.cosmote.gr

COSMOTE MOBILE TELECOMMUNICATIONS SA
FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED) AS OF DECEMBER 31, 2007

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**BOARD OF DIRECTORS REPORT
OF COSMOTE MOBILE TELECOMMUNICATIONS S.A.
ON THE STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007
AND EXPLANATORY REPORT**

The Board of Directors of COSMOTE MOBILE TELECOMMUNICATIONS S.A. (“COSMOTE” or the Company) presents its Report on the Annual Standalone and Consolidated Financial Statements for the year ended on 31 December 2007, according to article 136 of Codified Law 2190/1920 and article 11a of L.3371/2005.

The Financial Statements were prepared in accordance with the International Financial Reporting Standards.

A. 2007 ACHIEVEMENTS

For COSMOTE and its subsidiaries (“COSMOTE Group”), 2007 was the year that, following the strategic business developments of the previous two years, grew further throughout its footprint, consolidating its position as the leading mobile operator in South East Europe.

Specifically, following the successful acquisition and integration of three new companies in South East Europe in 2005 and the strategic acquisition of GERMANOS Group of Companies (“GERMANOS”) in 2006, targeting to become a leading mobile operator in South East Europe, COSMOTE achieved to enhance its position in all markets of operations, namely Greece, Romania, Bulgaria, FYROM and Albania, and, with GERMANOS being the main driver, to achieve at the end of 2007, much earlier than expected, the target of 15 million customers, initially set for 2009. COSMOTE’s Group customer base now exceeds 1/3 of the total population of South East Europe.

2007 has also been a milestone year for COSMOTE, as in November its parent company Hellenic Telecommunications Organization (“OTE”) began the process of acquiring 100% of the Company’s shares. This strategic acquisition by OTE will allow COSMOTE to further exploit the synergies with its parent company and, in cooperation with OTE, to offer new innovative products and services that respond to the increasingly higher and rapidly evolving needs of their customers.

Progress of Activities

In 2007, further expanding its leading position in the Greek market, COSMOTE continued on its dynamic course introducing innovative products and services. In February 2007 COSMOTE, first in the Greek market, began offering integrated fixed broadband (ADSL) and mobile communications services. 2007 was also the year that the Company, in response to the increasing demand for very fast wireless internet access, expanded throughout the country the availability of the relevant HSPA products and services through its 3G network, with speeds reaching up to 7.2 Mbps and upgraded the DATA PACK and wireless internet services, offering additional benefits to its customers. At the same time, it continued introducing new attractive offerings, such as the combination of post and pre paid benefits in one offering for corporate clients and the innovative service FREEZE, which allows all its customers to talk more, and a new more attractive range of bundled packages and “family pack” scheme. Since September 2007 COSMOTE offers to its customers two new post paid products, based on “Home Zone” functionality, which offer competitive pricing for calls to fixed numbers from the home: the new add-on service “COSMOTE ONEphone” and the new economic package “COSMOTE At Home”. By steadily investing in the expansion of its infrastructure COSMOTE has today the best mobile telecommunications network in the country. By continuously offering new competitive and innovative products that respond to consumers’ needs, through an extensive distribution network COSMOTE’s subscriber base at the end of 2007 exceeds 6.28 million customers, maintaining the Company at the top of the market in Greece.

AMC in Albania continued to offer the successful products and services targeting corporate customers, while in September 2007 it launched a new pre paid product, WHAT'S UP, targeting the youth segment. In Bulgaria, GLOBUL focused its commercial strategy, at close cooperation with GERMANOS, to attracting post paid subscribers while it continued to pioneer in the value added services sector and launched the Blackberry® service for all its post paid customers. Especially for its corporate customers the company, since the end of September 2007, offers "GLOBUL Office Zone", the first integrated mobile and fixed-line telecommunication solution in Bulgaria that offers both a fixed and a mobile number in a single mobile handset. At the same time, continuing its strategy of targeted segmentation it launched in February 2008 the "no frills" prepaid brand frog mobile, targeted at customers interested in the basic use of mobile telephony services, at the most competitive rates. Frog was also launched in October 2007 by COSMOFON in FYROM. COSMOTE ROMANIA, continued during the second year of commercial operations, to offer innovative products with simple and clear tariffs by the end of the first half launched new contract offerings both for corporate and residential customers, as it is increasingly focusing on the post paid segment, having established its brand name in the competitive Romanian market.

Financial Results

The Company's successful course is evident in its financial and operational performance for 2007. The Group's total subscriber base expanded substantially reaching over 15.5 million customers, a 39.2% increase compared to 2006, exceeding at the end of 2007 the 15 million customer base benchmark that was set as a 2009 target, mainly due to GERMANOS's contribution both in Greece and abroad. Group operating revenues for 2007 posted an annual increase of 28.5% reaching EURO 3.060 million, as a result of higher usage and the expansion of the subscriber base in Greece, the ongoing growth in the South East European markets and the consolidation of GERMANOS. Group Earnings before depreciation, net financial expenses and other non operating expenses and revenues, tax and minority interests (EBITDA) increased by 12.5% to EURO 986 million, as a result of the ongoing profitability improvement in all international operations and the strong revenue growth. In Greece EBITDA increased by 3% compared to 2006, with a small decline in the margin, mainly due to certain one off items. COSMOTE Group net income, after tax and minority interests amounted to EURO 361.3 million slightly higher in 2006, having being affected by higher interest expense, as well as increased depreciation expense, resulting from higher capital expenditure in Romania and Bulgaria.

Sources and uses of capital

During 2007, COSMOTE Group capital expenditure reached approximately EURO 547 million, mainly due to the investments made in Romania and Bulgaria. In Romania in particular, due to the significant expansion of its customer base, COSMOTE Romania invested approximately EURO 201 million to enhance its telecommunications network quality, capacity and coverage. In Bulgaria, for the same purpose, GLOBUL invested approximately EURO 127 million, in order to accommodate the requirements of its expanding customer base and high usage growth. In Greece capex reached EURO 146 million. AMC and COSMOFON invested EURO 27 and EURO 18 million respectively in network improvements, while GERMANOS invested approximately EURO 28 million, mainly to expand its store network.

As at December 31, 2007 total Group net debt¹ was approximately EURO 2.5 billion. In 2007 the Group's free cash flow was reduced with total cash outflows amounting to approximately EURO 382 million, mainly due to the payment of debt.

The relevant net debt to equity ratio for the Group is:

| | 31/12/2007 | 31/12/2006 |
|--------------------|------------|------------|
| Net Debt to Equity | 328.69% | 349.88% |

¹ Net Debt: Total of long term and short term borrowings minus cash and cash equivalents

Dividend policy

The Board of Directors intends to recommend to the 11th Annual General Shareholders Assembly the distribution of an annual dividend for the fiscal year 2007 of a total amount of EURO 245,248,829 (EURO 0.73 per share).

Corporate Social Responsibility

For COSMOTE, social prosperity is indissolubly related to its own development. With communication being the keystone of social cohesion and evolution, COSMOTE assumes its share of responsibility in social advancement, and therefore, plans and acts in the optimum way, in order to accomplish its mission.

For a better tomorrow we invest today in Education, Health and Social Care, the Environment and Volunteerism, our four pillars of action, setting solid foundations to our contribution. COSMOTE's multidimensional Corporate Social Responsibility program has already earned the appreciation of the social stakeholders and is described in detail in the Company's Corporate Social Responsibility Report.

Described in the same report are the systems that COSMOTE has set in place to achieve the goals it has set for its workforce, the Company's most valuable capital. The Group's sustainable development and future course are closely related to the efficient utilization of all employees. COSMOTE offers a modern working environment, with respect towards its employees while establishing favorable conditions in order to develop their competencies, utilize their talents and inspire them at the professional front.

B. FINANCIAL INSTRUMENTS

The Group's goals and policies regarding the management of financial risks and the Group's exposure to foreign exchange risk, to risks and hedging of risks from interest rate fluctuations, credit risk and liquidity risk are analyzed in note 32 of the Consolidated Financial Statements.

C. SUBSEQUENT EVENTS

On 29 January 2008 OTE's Voluntary Tender Offer for the acquisition of the remaining shares of COSMOTE for a consideration of EURO 26.25 per share, in cash, was completed.

On 31 January 2008 OTE held 98.592% of the Company's total paid in share capital and voting rights.

On 27 February 2008 OTE submitted to the Hellenic Capital Market Commission a request for the exercise of its squeeze out right for the remaining shares (i.e. 3,581,305) of COSMOTE for a consideration equal to that of the Voluntary Tender Offer, which was subsequently approved by the HCMC on 7 March 2008.

All subsequent events to the Financial Statements are detailed in note 30 of the Consolidated Financial Statements.

D. 2008 OUTLOOK

2008 will be a challenging year both in Greece and abroad. With the strategy of geographical expansion and the GERMANOS acquisition already paying off, COSMOTE is targeting a period of solid sustainable profitable growth.

Furthermore, the expected completion of COSMOTE Group acquisition by OTE is marking the beginning of a new era both for COSMOTE and OTE Group.

The Management's main targets for 2008 are:

- Further exploit the strong telecommunications and distribution network in Greece and abroad
- Benefit from the synergies with of the integration with OTE Group by focusing on distribution and products in Greece and Romania
- Increase revenues form voice and data in Greece
- Emphasis on contract customers in all countries of operation
- Further exploitation of market dynamics and opportunities in the SE European markets and usage growth
- Maximize profitability and free cash flow generation on Group level by exploiting synergies and CAPEX savings

E. INFORMATION ACCORDING TO ARTICLE 11a, L. 3371/2005

a. Share capital structure

On 31 December 2007 the Company's paid in share capital amounted to EURO 157,347,634 and consisted of 334,782,200 ordinary registered shares with a nominal value of EURO 0.47 per share.

According to the Company's share registry on 31.12.2007 the Company's shareholding structure was as follows:

| <u>Shareholder</u> | <u>Number of Shares</u> | <u>%</u> |
|--------------------|-------------------------|-------------|
| OTE S.A. | 303,725,198 | 90.72% |
| Free float | 31,057,002 | 9.28% |
| TOTAL | 334,782,200 | 100% |

On 9 November 2007, OTE S.A. launched a voluntary Tender Offer for the acquisition of all the common registered shares of the Company, which OTE S.A. did not own at that date, namely 108,870,359 shares in total, for a consideration of 26.25 EURO per share in cash. The acceptance period of the Tender Offer started on 4 December 2007 and expired on 29 January 2008.

The total of the Company's shares are common, nominal and indivisible and there are not special categories of them. The rights and obligations that derive from the shares are those mentioned in the Company's Articles of Association and the legislation in force.

Further information and explanations are included in the Explanatory Report that is included in this Report (Section F).

b. Restrictions in the transfer of the Company's shares

b1. According to the Company's Articles of Association the transfer of the Company's shares is free and is materialized according to art. 8b of the Codified Law 2190/1920.

b.2. According to article 4, L. 3016/2002, as in force, the independent non-executive members of the Board of Directors can not, among others, hold shares of the Company representing a percentage greater than 0.5% of the Company's paid-in share capital.

b.3. According to article 26, L. 3431/2006 regarding Electronic Communications, a change of control in the Company cannot occur unless approved by the Greek National Telecommunications and Post Commission (NTPC). NTPC's approval can be also required under L.703/1997 on the control of monopolies and oligopolies

and on the protection of free competition (article 12 par. f L.3431/2006 regarding Electronic Communications).

c. Important direct or indirect participations

On 31 January 2008, Hellenic Telecommunications Organization S.A. (OTE S.A.) held 98.592% of the Company's paid in share capital and voting rights. On 13 March 2008, OTE S.A. held 332,618,797 shares which represent 99.006% of the Company's paid in share capital and voting rights.

d. Owners of shares that offer special control rights

There are no issued shares of the Company that offer special control rights.

e. Restrictions in voting rights – Deadlines in exercising those rights

There are no restrictions in voting rights.

Further information with regards to the procedure of resolutions of the General Meeting of Shareholders is included in the Explanatory Report that is included in this Report (Section F).

f. Shareholder agreements for restrictions in the transfer of shares or in the exercising of voting rights

There are no shareholder agreements regarding restrictions in the transfer of shares or in the exercising of voting rights that are known to the Company.

g. Rules of appointment and replacement of the members of the Board of Directors and amendment of the Company's Articles of Association if they differ from the provisions of Codified Law 2190/1920.

Regarding the resolutions of the General Assembly and the amendments of the Company's Articles of Association, for which, according to C.L. 2190/1920 simple quorum is required, the Articles of Association defines that the General Meeting is at quorum and meets validly on the agenda when shareholders representing at more than third (1/3) of the paid up share capital are present or represented thereat, deviating from Codified L. 2190/1920, which states that for simple quorum shareholders representing a fifth (1/5) of the paid up share capital need to be present or represented.

In addition, regarding the resolutions of the General Assembly and the amendments of the Company's Articles of Association, for which, according to C.L. 2190/1920 extraordinary quorum is required, the Articles of Association defines that for the last repetitive meeting of the General Meeting, it meets validly on the agenda when shareholders representing at more than third (1/3) plus one of the paid up share capital are present or represented thereat, deviating from Codified L. 2190/1920, which for the last repetitive meeting of the General Meeting, regarding companies with shares listed in exchanges or when a resolution for the increase of the share capital is going to be made, states that shareholders representing a fifth (1/5) of the paid up share capital need to be present or represented.

Further information and clarifications are included in the Explanatory Report that is included in this Report (Section F).

h. Jurisdiction of the Board of Directors for the issuance of new shares/share buybacks according to article 16 of Codified Law 2190/1920

h.1. During the first five-year period from its incorporation, the Board of Directors by resolution taken by majority two thirds (2/3) of the total number of its members, may increase the share capital in whole or in part by issue of new shares. The amount of such increases cannot exceed the original share capital. The above-mentioned resolution of the Board of Directors is subject to the publicity formalities of article 7b of Codified Law 2190/1920 as in force. The above authority of the Board of Directors may be renewed by the General Meeting of the Shareholders for a period of time which cannot exceed five years for every renewal and its validity begins from the termination of every five year period. The resolution of the Shareholders General Meeting is subject to the publicity formalities of article 7b of Codified Law 2190/1920.

The above authority has not been granted to the Board of Directors by the General Assembly.

By exception, if the Company's reserves exceed one fourth (1/4) of the paid up share capital, a resolution of the General Meeting is always required in order to increase the capital.

h.2. Under the same conditions as described in h.1. above, the Board of Directors may decide on the issuance of convertible in shares bonds.

The above authority has not been granted to the Board of Directors by the General Assembly.

h.3. In accordance to paragraph 13, article 13 of C.L.2190/1920, as in force, the Board of Directors increases the Company's share capital, with no amendment of the Articles of Association, by issuing new shares in the framework of the annual materialization of the approved by the General Meeting, Stock Option Plan.

COSMOTE's Shareholders' General Assembly on 31 July 2000 has approved a Stock Option Plan, as in force, following its amendments by COSMOTE's Shareholders' General Assembly on 12 June 2001, 21 February 2002, 27 January 2006 and 28 February 2007.

Further information and clarifications regarding the Stock Option Plan are included in the Explanatory Report that is included in this Report (Section F).

h.4. It is forbidden to the Company to acquire its own shares except in the cases and under the conditions imposed by the legislation in force from time to time.

i. Significant agreements of the Company that become valid/are amended / expire in case of a change in the Company's control following a Public Tender Offer

i.1. The agreement between COSMOTE and the Japanese service provider of mobile communications, NTT DoCoMo, by virtue of which COSMOTE and its subsidiaries offer wireless internet i-mode services.

Result of a change in control: Termination of the agreement if the parties do not agree otherwise.

The above subject is further expanded and explained in the Explanatory Report, which is included in this Report (Section F).

i.2. The 10% participation of MICROSTAR LTD in the share capital of COSMOTE's subsidiary holding company COSMOHOLDING CYPRUS LTD.

Result of a change in control: MICROSTAR's right to request from COSMOHOLDING CYPRUS LTD, or any other entity suggested by COSMOTE, to proceed to an early acquisition of the 10%.

The above subject is further expanded and explained in the Explanatory Report, which is included in this Report (Section F).

i.3. The two bonds of EURO 900 and EURO 600 million that were issued by COSMOTE on 21 November 2006.

The above subject is further expanded and explained in the Explanatory Report, which is included in this Report (Section F).

j. Agreements regarding compensation of members of the Board of Directors or personnel in case of resignation, termination of their employment agreement without an essential cause or expiration of their term/ agreement due to public tender offer

j.1. In case of termination of the employment agreement of the Deputy Managing Director without a sentential cause not due to his default or in case this agreement will not be renewed at its expiration, the Company will pay to the Managing Director compensation equal to at least one (1) annual salary. In case the amount of the above-mentioned contractual compensation is less than the total amount of salaries, with any relevant increment included, that the employee will be entitled until the expiration of his employment agreement, then the Company shall pay to him simultaneously with the termination of his employment agreement that additional amount.

j.2. According to relevant decision of the General Meeting of the Company's shareholders:

(i) In case of termination of the employment agreement of the General Directors or of the Legal Counsel of the Company on behalf of the Company on the grounds not due to employee's default, the Company shall pay to them compensation equal to at least one (1) annual salary. In case the compensation provided by law exceeds the above compensation, the Company shall pay to them this higher compensation.

(ii) In case of termination of the employment agreement of the Directors on behalf of the Company on the grounds not due to employee's default, the Company shall pay to them compensation equal to at least six (6) months of their annual salary. In case the compensation provided by law exceeds the above compensation, the Company shall pay to them this higher compensation. The Managing Director of the Company has the right, at his discretion, to increase the minimum level of the above compensation of 6 months to 12 months on a case by case basis.

F. EXPLANATORY REPORT TO THE ANNUAL GENERAL ASSEMBLY FOR THE INFORMATION ACCORDING TO ARTICLE 11a, L. 3371/2005

It is deemed appropriate to bring to the attention of the 11th Annual General Shareholders Meeting the following additional information regarding the information of article 11a, L.3371/2005 described in Section E of this Report.

a. Share capital structure

Regarding the structure of the Company's share capital it is noted that the Company's share capital increased by the Board of Directors resolution on 21 December 2007 by EURO 552,297 as a result of the exercise of stock options. The full payment and verification of the share capital's increase took place on January 2008. Following this increase, the paid in share capital amounts to EURO 157,899,931 divided to 335,957,300 registered shares with a nominal value of EURO 0.47 each.

The 1,175,100 new ordinary registered shares that resulted from the aforementioned share capital increase started trading on the Athens Exchange (ATHEX) on 21 January 2008.

Following OTE's voluntary public tender, dated 9 November 2007, for the totality of COSMOTE's shares, namely 108,870,359 - the acceptance period of which began on 04 November 2007 and ended on 29 January 2008 - OTE acquired 27,503,293 shares of the Company which represent 8.187% of the total paid in share capital and voting rights of the Company. In addition, during the period from the announcement of the public tender until the end of the acceptance period, OTE acquired through transactions on the ATHEX 76,638,257 shares of the Company, as well. Following this, on 31 January 2008 OTE holds 98.592% of the total paid in share capital and voting rights of the Company.

On February 2008, OTE submitted to the Hellenic Capital Market Commission (HCMC) a request, in accordance to article 27 of L.3461/2006, for exercising the right to transfer to it of all remaining shares of the Company at a price per share equal to the tender offer price, namely EURO 26.25 per share, in cash (Squeeze Out Right). HCMC approved OTE's request with its decision no 466/07.03.2008. It is noted that OTE assumes the payment of the clearance duties levied in favour of HELEX for the off-exchange transfer of the shares, which otherwise, according to the legislation in force, would burden COSMOTE's shareholders.

On 11 March 2008, OTE holds 332,618,797 shares of the Company which represent 99.006% of its total paid in share capital.

It is also noted that the remaining shareholders of the Company are entitled, in accordance to article 28 of L.3461/2006, to sell their shares to OTE at the price of EURO 26.25 per share.

Following the completion of the exercise of the Squeeze out Right, OTE intends to begin the procedure for the delisting of the Company's shares from ATHEX. Similarly, OTE shall seek the delisting of the GDRs from the LSE.

According to the Company's share registry on 11 March 2008 the Company's shareholding structure was as follows:

| <u>Shareholder</u> | <u>Number of Shares</u> | <u>%</u> |
|--------------------|-------------------------|-------------|
| OTE S.A. | 332,618,797 | 99.006% |
| Free float | 3,338,503 | 0.994% |
| TOTAL | 335,957,300 | 100% |

The main rights and obligations that stem from the share according to the Company's Articles of Association are as follows:

1. Each share entitles its owner to participate in the product of the liquidation of the Company's estate in case of dissolution of the Company and in the distribution of its profits pro rata of the ratio of the paid up capital of the share to the total paid up share capital.
2. In any case of increase of the share capital that is not effected by (a) contribution in nature or (b) by issue of bonds with a right to convert them into shares an option on the new capital or the bonded loan as a whole is granted to the persons who are shareholders at the time of issue, pro rata of their participation in the existing share capital.
There is not an option on the new capital in the framework of a Stock Option Plan, according to par. 13 art. 13 of C.L. 2190/1920 as in force.
3. In order to be entitled to attend and vote at the General Meeting, a shareholder must keep deposited the titles of the shares of which they are the owner.
4. The liability of the shareholders is limited to their contribution, i.e. to the nominal capital of their shares.

e. Restrictions in voting rights – Deadlines in exercising those rights

1. According to the Company's Articles of Association the ownership of one (1) share entitles to one vote. The number of votes always increases by one for each share.

2. According to the Company's Articles of Association, in order to be entitled to attend and vote at the General Meeting, a shareholder must deposit at least five (5) days in advance of the date fixed for the Meeting his shares or provisional titles with the Company's Cashier's Office or at the Deposits and Loans Fund or with any bank in Greece against receipt that will also be deposited with the Company at least five (5) days in advance of the meeting.

Eventual representation documents must also be deposited at the Company's premises, as specified in paragraph 1 of this article, within the same 5-day deadline.

Upon presentation of the above documents, the shareholder or his representative is given the receipt that serves as an entrance ticket for the Meeting.

Forty-eight (48) hours in advance of each General Meeting a list of the persons entitled to vote, with mention of their eventual representatives and number of shares and each one's voting rights and the addresses of the shareholders and of their representatives must be displayed at a conspicuous place in the Company's premises.

Any objection against the list is raised, sub poena of non-acceptability, at the beginning of the meeting and before the Meeting begins deliberation on the agenda.

The General Meeting, before starting deliberation on the agenda, may permit participation in its meetings of shareholders or representatives of shareholders who have not deposited their shares or powers of attorney (authorisations) in time.

g. Rules of appointment and replacement of the members of the Board of Directors and amendment of the Company's Articles of Association if they differ from the provisions of Codified Law 2190/1920

According to articles 18 and 19 of the Company's Articles of Association:

1. The Board of Directors consists of nine (9) members, which are appointed by the General Meeting of shareholders.

The term of office of the Board of Directors is three (3) years and is automatically extended until the first ordinary General Meeting after expiry of their term of office that will appoint the new Board of Directors for the following three-year period, but cannot exceed four years.

The members of the Board of Directors whose term of office has expired may be elected again without any restriction and may be recalled freely.

In case of death, resignation or loss of membership for any reason of one or several members of the Board of Directors, the remaining members of the Board provided that they are at least three (3) appoint the replacements of the members of the Board of Directors who have died, resigned or lost their membership for the remaining of their term of office. This appointment of new members of the Board of Directors is submitted for approval to the first General Meeting that will follow. In case the General Meeting does not approve of the appointment, the validity of any action effected in the period from the appointment to the realisation of the General Meeting is not affected.

The Director appointed to replace another and approved by the General Meeting retains his capacity for the remaining term of office of the replaced person.

The Directors appoint among themselves the Chairman and the Vice Chairman of the Board.

In case the Chairman is absent or cannot exercise his functions, he is replaced by the Vice Chairman. The Vice Chairman is replaced in the same cases by another member of the Board of Directors who is appointed during the meeting of the Board of Directors in view of its formation into a body. The capacity of Managing Director may coincide with that of another officer of the Board of Directors and in particular with the capacity of the Chairman of the Board of Directors.

The meeting of the Board of Directors in view of its formation into a body is effected within 8 days from its election by the General Meeting. During the meeting the Chairman, the Vice Chairman and the Managing Director of the Company are elected.

The Chairman, Vice-Chairman and Managing Director may be re-elected without any restriction.

2. According to article 9 of the Company's Articles of Association the General Meeting is the sole responsible to decide on amendment of the Articles of Association. In particular, regarding the resolutions of the General Assembly and the amendments of the Company's Articles of Association, for which, according to C.L. 2190/1920 simple quorum is required, the Articles of Association defines that the General Meeting is at quorum and meets validly on the agenda when shareholders representing at more than third (1/3) of the paid up share capital are present or represented thereat, deviating from Codified L. 2190/1920, which states that for simple quorum shareholders representing a fifth (1/5) of the paid up share capital need to be present or represented. In addition, regarding the resolutions of the General Assembly and the amendments of the Company's Articles of Association, for which, according to C.L. 2190/1920 extraordinary quorum is required, the Articles of Association defines that for the last repetitive meeting of the General Meeting, it meets validly on the agenda when shareholders representing at more than third (1/3) plus one of the paid up share capital are present or represented thereat, deviating from Codified L. 2190/1920, which for the last repetitive meeting of the General Meeting, regarding companies with shares listed in exchanges or when a resolution for the increase of the share capital is going to be made, states that shareholders representing a fifth (1/5) of the paid up share capital need to be present or represented.

h. Jurisdiction of the Board of Directors for the issuance of new shares/share buybacks according to article 16 of Codified Law 2190/1920

With regards to the current Stock Option Plan that is mentioned in paragraph h.3. of Section E, it is noted that the total number of the Company's shares, which may be acquired under this Plan or under any other ongoing plan on a five-year period on a rotation basis, cannot exceed 5% of the Company's total number of shares at the beginning of the aforesaid five-year period, , and, in any case, the maximum number of shares, which may be issued if the participants exercise their options, cannot exceed 10% of the number of shares existing at the time of the approval of the Plan.

i. Significant agreements of the Company that are become valid /are amended/expire in case of a change in the Company's control following a Public Tender Offer

With regards to the significant agreements that are mentioned in paragraph (i) of Section E, the following clarifications should be noted:

i.1. The agreement between COSMOTE and the Japanese mobile telecommunications company NTT DoCoMo

The agreement between COSMOTE and the Japanese mobile communications service provider, NTT DoCoMo, which expires on 31 December 2010 (automatically renewed for a further period of one (1) year for five additional years, unless otherwise notified by either of the parties to the other party in writing at least six (6) months prior to the expiration of the agreement or any extension thereof), by virtue of which COSMOTE and its subsidiaries provide the mobile Internet i-mode services, provides that in case of a change of either party's (COSMOTE or NTT DoCoMo) control occurs, COSMOTE and NTT DoCoMo shall discuss the treatment of the agreement resulting from such party's change of control and if the parties cannot reach an agreement as to how this agreement shall be treated within sixty (60) days from the commencement date of the discussion period, this agreement shall be automatically terminated on the expiration date of such discussion period.

It is noted that for the purposes of the abovementioned agreement, a change of control regarding a party occurs whereby any person other than the shareholders, directors, or officers of such party who is considered by the other party to be its competitor, becomes the beneficial owner, directly or indirectly, of the shares of such party representing more than fifty percent (50%) of the combined voting power of such party's then outstanding shares.

In case of termination of this cooperation, COSMOTE and its subsidiaries will cease using i-mode brand and NTT DoCoMo's relevant know-how and will focus to the further development of their existing portals for providing mobile Internet.

i.2. The 10% participation of MICROSTAR LTD in the share capital of COSMOTE' s subsidiary holding company COSMOHOLDING CYPRUS LTD

In case of a change in control of COSMOTE or OTE (under the relevant agreements consists in the reduction of the Greek State's shareholding in OTE S.A. to a percentage of below 20% of OTE's paid in share capital) MICROSTAR LTD, an 100% controlled entity by Mr Panos Germanos, which having invested EURO 144,545,952 participates by 10% in COSMOTE' s subsidiary holding company COSMOHOLDING CYPRUS LTD (shareholder of above 99% of the paid in share capital of GERMANOS S.A. and sole owner of the limited liability company MOBILBEEEP LTD) has the right to demand from COSMOHOLDING CYPRUS LTD or from any other entity suggested by COSMOTE the early redemption of the shares that MICROSTAR LTD owns in COSMOHOLDING CYPRUS LTD. Taking into consideration that MICROSTAR' s participation in COSMOHOLDING CYPRUS is of limited duration until 31 December 2009 (unless it is requested by the controlling shareholder extension of the participation for two additional years, that is until 31 December 2011), for the aforementioned purpose, early redemption is considered the redemption that might take place before the expiration of the duration described above.

The right of early redemption shall be exercised in writing within 10 working days from MICROSTAR' s notification to COSMOTE of the above described event and its exercise shall be irrevocable and binding. The acquisition of the shares shall take place within 60 days from the date of exercising the right of early redemption, in a price that will depend on the achievement of certain business objectives until the date of early redemption.

In case of early redemption of the above mentioned shares, Mr Panos Germanos ceases to participate in the Board of Directors of COSMOHOLDING CYPRUS LTD and GERMANOS S.A.

i.3. The two bonds issues of EURO 900 and EURO 600 million Euros that were issued by COSMOTE on 21 November 2006

On 21 November 2006 issued two bonds of EURO 600 million and EURO 900 million expiring on 20 November 2009 and 19 May 2016 respectively, which were fully subscribed by OTE's 100% subsidiary, OTE Plc.

These bonds include a clause for change of control in accordance with the bonds issued by OTE Plc for equivalent amounts in November 2006, under the Program of Issuance of Medium to Long Term Bonds

In particular, the clause refers to the legal entity of OTE S.A. and is coming to effect whenever any person or group of persons (with the exception of the Greek State) acquires directly or indirectly above 50% of OTE' s share capital or voting rights and as a consequence thereof, OTE' s investment grade falls below BB+/Ba1 or their equivalent (non Investment grade) within a certain deadline and under specific conditions.

According to the clauses of the bonds, in case OTE change of control clause is activated, OTE Plc or any other bond holding related company to OTE Plc, shall have the right to demand the early redemption of the notes. This right must be exercised within a period of 46 days from the written notification of the change of control and the downgrading, provided and to the extent that one or more bondholders of OTE Plc have exercised their similar right and demanded the early redemption of the above Notes.

In such an occurrence COSMOTE will have to repay the above described bonds within 2 working days from the expiration of the above period without any additional costs to COSMOTE.

Maroussi, March 17, 2008

For the Board of Directors

Chairman of the BOD & Managing Director

Deputy Managing Director

Panagis Vourloumis

Michalis Tsamaz

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

INCOME STATEMENTS (PARENT COMPANY AND CONSOLIDATED) AS OF DECEMBER 31, 2007

(In thousands of EURO, unless otherwise is stated)

| | NOTE | THE GROUP | | THE COMPANY | |
|--------------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2007 | 2006 | 2007 | 2006 |
| Operating revenues | 4 | 3,060,333 | 2,382,349 | 1,735,878 | 1,630,614 |
| Operating expenses | 5.1 | (2,442,375) | (1,824,791) | (1,175,018) | (1,100,055) |
| Gross profit | | 617,958 | 557,558 | 560,860 | 530,559 |
| Other revenues | 5.2 | 8,279 | 20,140 | 595 | 608 |
| Other expenses | 5.2 | (20,331) | (18,753) | (1,943) | (1,848) |
| | | (12,052) | 1,387 | (1,348) | (1,240) |
| Financial income | 5.3 | 21,601 | 18,179 | 21,443 | 15,321 |
| Financial expense | 5.3 | (145,338) | (75,023) | (120,149) | (56,812) |
| | | (123,737) | (56,844) | (98,706) | (41,491) |
| Profit before tax | | 482,169 | 502,101 | 460,806 | 487,828 |
| Income tax expense | 5.4.3 | (145,643) | (159,873) | (121,573) | (143,122) |
| Profit after tax | | 336,526 | 342,228 | 339,233 | 344,706 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 361,271 | 360,519 | 339,233 | 344,706 |
| Minority interest | | (24,745) | (18,291) | - | - |
| | | 336,526 | 342,228 | 339,233 | 344,706 |
| Basic earnings per share (in EURO) | 8 | <u>1.08</u> | <u>1.08</u> | <u>1.01</u> | <u>1.03</u> |
| Diluted earnings per share (in EURO) | 8 | <u>1.08</u> | <u>1.08</u> | <u>1.01</u> | <u>1.03</u> |

The attached Financial Statements (pages 14 to 69) which have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, have been approved by the Board of Directors on March 17, 2008 and are signed, of its behalf, by:

Chairman of the BOD
& Managing Director

Deputy Managing Director

Panagis Vourloumis

Michalis Tsamaz

Chief Financial Officer

Accounting Director

Emily Filippou-Klopfer

John Hohorelos

The notes on pages 22 to 69 are an integral part of these Financial Statements.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

BALANCE SHEETS (PARENT COMPANY AND CONSOLIDATED) AS OF DECEMBER 31, 2007

(In thousands of EURO, unless otherwise is stated)

| | Notes | THE GROUP | | THE COMPANY | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2007 | 2006 | 2007 | 2006 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 10 | 1,894,696 | 1,695,688 | 719,941 | 718,385 |
| Goodwill | 11 | 531,403 | 530,610 | - | - |
| Telecommunication licences | 11 | 355,016 | 382,211 | 194,606 | 209,775 |
| Intangible assets | 11 | 539,880 | 555,775 | - | - |
| Investments | 12 | 505 | 611 | 2,137,569 | 2,285,156 |
| Deferred tax assets | 7 | 16,234 | 11,443 | - | - |
| Financial assets (from related companies) | 9,24 | - | - | 369,000 | 160,000 |
| Other non-current assets | 13 | 9,989 | 33,868 | 6,946 | 31,370 |
| Total Non-Current Assets | | 3,347,723 | 3,210,206 | 3,428,062 | 3,404,686 |
| Current Assets | | | | | |
| Inventories | 14 | 88,109 | 89,266 | 16,669 | 16,838 |
| Trade receivables | 15 | 410,442 | 393,203 | 174,478 | 142,488 |
| Due from related companies | 9 | 14,994 | 17,381 | 77,104 | 47,475 |
| Investments | 16 | 7,624 | 67,242 | 1,706 | 852 |
| Financial assets available for sale | 17 | 578 | 578 | - | - |
| Other current assets | 18 | 116,684 | 86,569 | 38,758 | 22,084 |
| Cash and cash equivalents | 19 | 442,085 | 823,669 | 97,214 | 551,350 |
| Total Current Assets | | 1,080,516 | 1,477,908 | 405,929 | 781,087 |
| TOTAL ASSETS | | 4,428,239 | 4,688,114 | 3,833,991 | 4,185,773 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 20 | 157,348 | 156,833 | 157,348 | 156,833 |
| Share premium reserve | 20 | 199,948 | 186,498 | 201,395 | 186,498 |
| Legal reserve | 21 | 60,402 | 55,377 | 52,449 | 52,278 |
| Consolidation reserve | | (435,293) | (441,873) | - | - |
| Translation reserve and other | | (2,696) | 41,102 | 3,596 | 28,187 |
| Retained earnings | 23 | 703,836 | 591,982 | 562,353 | 467,681 |
| Total equity attributable to equity holders of the Parent Company | | 683,545 | 589,919 | 977,141 | 891,477 |
| Minority interest | | 64,437 | 105,279 | - | - |
| Total Equity | | 747,982 | 695,198 | 977,141 | 891,477 |
| Long term liabilities | | | | | |
| Interest-bearing loans and borrowings | 24 | 2,539,113 | 2,779,416 | 2,526,613 | 2,522,177 |
| Employee retirement benefits | 25 | 5,949 | 4,597 | 5,230 | 4,235 |
| Deferred tax liabilities | 7 | 123,611 | 122,698 | 9,839 | 5,540 |
| Other long-term liabilities | 26 | 160,797 | 6,764 | 3,872 | 3,409 |
| Total Long-term Liabilities | | 2,829,470 | 2,913,475 | 2,545,554 | 2,535,361 |
| Current liabilities | | | | | |
| Current portion of non current liabilities | | 215,000 | 15,576 | - | 15,576 |
| Short-term borrowings | 24 | 2,008 | 476,637 | - | 449,000 |
| Trade payables | 28 | 418,111 | 373,834 | 131,772 | 126,408 |
| Due to related companies | 9 | 50,193 | 48,164 | 79,223 | 53,344 |
| Income tax payable | | 35,765 | 55,622 | 24,864 | 47,081 |
| Other current liabilities | 29 | 129,710 | 109,608 | 75,437 | 67,526 |
| Total Current Liabilities | | 850,787 | 1,079,441 | 311,296 | 758,935 |
| Total Liabilities | | 3,680,257 | 3,992,916 | 2,856,850 | 3,294,296 |
| TOTAL EQUITY AND LIABILITIES | | 4,428,239 | 4,688,114 | 3,833,991 | 4,185,773 |

The notes on pages 22 to 69 are an integral part of these Financial Statements.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

STATEMENTS OF MOVEMENT IN SHAREHOLDERS EQUITY (PARENT COMPANY AND CONSOLIDATED) FOR THE YEAR ENDED 31 DECEMBER 2006

(In thousands of EURO, unless otherwise is stated)

| | THE GROUP | | | | | | | | | THE COMPANY | | | | | |
|-------------------------------------|----------------|-----------------------|---------------|-----------------------|-------------------------------|-------------------|----------------|-------------------|----------------|----------------|-----------------------|---------------|-------------------------------|-------------------|----------------|
| | Share capital | Share premium reserve | Legal reserve | Consolidation reserve | Translation reserve and other | Retained earnings | Total | Minority interest | Total equity | Share capital | Share premium reserve | Legal reserve | Translation reserve and other | Retained earnings | Total equity |
| Balance 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 | - | - | - | - | - | 360,519 | 360,519 | (18,291) | 342,228 | - | - | - | - | 344,706 | 344,706 |
| Direct equity effect | | | | | | | | | | | | | | | |
| Increase of share capital | 569 | 11,149 | - | - | - | - | 11,718 | - | 11,718 | 569 | 11,149 | - | - | - | 11,718 |
| Transfer to legal reserve | - | - | 2,626 | - | - | (2,626) | - | - | - | - | - | 190 | - | (190) | - |
| Dividends | - | - | - | - | - | (216,896) | (216,896) | - | (216,896) | - | - | - | - | (216,896) | (216,896) |
| Evaluation of derivatives and other | - | - | - | - | 28,153 | - | 28,153 | - | 28,153 | - | - | - | 28,153 | (1) | 28,152 |
| Consolidation reserve | - | - | - | (256,185) | - | - | (256,185) | 1,105 | (255,080) | - | - | - | - | - | - |
| Employee Stock Option Plan | - | 1,904 | - | - | - | - | 1,904 | - | 1,904 | - | 1,904 | - | - | - | 1,904 |
| Foreign currency differences | - | - | - | - | 9,183 | - | 9,183 | 17,062 | 26,245 | - | - | - | - | - | - |
| Direct equity effect | 569 | 13,053 | 2,626 | (256,185) | 37,336 | (219,522) | (422,123) | 18,167 | (403,956) | 569 | 13,053 | 190 | 28,153 | (217,087) | (175,122) |
| Balance at 31/12/2006 | 156,833 | 186,498 | 55,377 | (441,873) | 41,102 | 591,982 | 589,919 | 105,279 | 695,198 | 156,833 | 186,498 | 52,278 | 28,187 | 467,681 | 891,477 |

The notes (page 22 to 69) are an integral part of these Financial Statements.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.

STATEMENTS OF MOVEMENT IN SHAREHOLDERS EQUITY (PARENT COMPANY AND CONSOLIDATED) FOR THE YEAR ENDED 31 DECEMBER 2007

(In thousands of EURO, unless otherwise is stated)

| | THE GROUP | | | | | | | | | THE COMPANY | | | | | |
|---------------------------------|----------------|-----------------------|---------------|-----------------------|-------------------------------|-------------------|----------------|-------------------|----------------|----------------|-----------------------|---------------|-------------------------------|-------------------|----------------|
| | Share capital | Share premium reserve | Legal reserve | Consolidation reserve | Translation reserve and other | Retained earnings | Total | Minority interest | Total equity | Share capital | Share premium reserve | Legal reserve | Translation reserve and other | Retained earnings | Total equity |
| Balance at 01/01/2007 | 156,833 | 186,498 | 55,377 | (441,873) | 41,102 | 591,982 | 589,919 | 105,279 | 695,198 | 156,833 | 186,498 | 52,278 | 28,187 | 467,681 | 891,477 |
| Income statement effect | | | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 361,271 | 361,271 | (24,745) | 336,526 | - | - | - | - | 339,233 | 339,233 |
| Direct equity effect | | | | | | | | | | | | | | | |
| Increase of share capital | 515 | 11,635 | - | - | - | - | 12,150 | - | 12,150 | 515 | 11,635 | - | - | - | 12,150 |
| Share capital increase expenses | - | (1,447) | - | - | - | - | (1,447) | - | (1,447) | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | (244,391) | (244,391) | (525) | (244,916) | - | - | - | - | (244,391) | (244,391) |
| Foreign currency differences | - | - | - | - | (43,798) | (1) | (43,799) | 4,325 | (39,474) | - | - | - | (24,591) | 1 | (24,590) |
| Transfer to legal reserve | - | - | 5,025 | - | - | (5,025) | - | - | - | - | - | 171 | - | (171) | - |
| Consolidation reserve | - | - | - | 6,580 | - | - | 6,580 | (19,897) | (13,317) | - | - | - | - | - | - |
| Employee Stock Option Plan | - | 3,262 | - | - | - | - | 3,262 | - | 3,262 | - | 3,262 | - | - | - | 3,262 |
| Direct equity effect | 515 | 13,450 | 5,025 | 6,580 | (43,798) | (249,417) | (267,645) | (16,097) | (283,742) | 515 | 14,897 | 171 | (24,591) | (244,561) | (253,569) |
| Balance at 31/12/2007 | 157,348 | 199,948 | 60,402 | (435,293) | (2,696) | 703,836 | 683,545 | 64,437 | 747,982 | 157,348 | 201,395 | 52,449 | 3,596 | 562,353 | 977,141 |

The notes (page from 22 to 69) are an integral part of these Financial Statements.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
**STATEMENTS OF CASH FLOWS (PARENT COMPANY AND CONSOLIDATED) FOR THE YEAR ENDED
DECEMBER 31, 2007**

(In thousands of EURO, unless otherwise is stated)

| | THE GROUP | | THE COMPANY | |
|---|------------------|--------------------|--------------------|--------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash flows from operating activities | | | | |
| Net profit before tax and minority interest | 482,169 | 502,101 | 460,806 | 487,828 |
| Adjustments for: | | | | |
| Provisions & foreign exchange differences | 32,307 | 21,000 | 13,658 | 12,432 |
| Depreciation | 367,923 | 318,650 | 163,533 | 171,537 |
| Financial income | (21,601) | (18,179) | (21,443) | (15,321) |
| Financial expense | 145,338 | 75,023 | 120,149 | 56,812 |
| | 1,006,136 | 898,595 | 736,703 | 713,288 |
| Increase of Trade Receivables | (46,046) | (92,559) | (41,603) | (26,255) |
| Increase of Due from related companies | 1,634 | (4,261) | (12,302) | (1,351) |
| Increase of Due to related companies | (9,472) | 10,561 | 14,289 | 24,283 |
| (Increase) / decrease of Inventories | (3,318) | (19,633) | 169 | (2,316) |
| Increase / (decrease) of Trade payables | 52,828 | (917) | 9,907 | (27,824) |
| Increase of Other non-current assets | (576) | (727) | (13) | (221) |
| Increase of Other current liabilities | 24,619 | 28,849 | 9,516 | 11,467 |
| (Increase) / decrease of Other current assets | (2,309) | 147,091 | (17,060) | (4,885) |
| Income tax paid | (179,562) | (172,399) | (140,823) | (151,658) |
| Interest paid | (121,717) | (50,951) | (104,124) | (33,438) |
| Net cash from operating activities | 722,217 | 743,649 | 454,659 | 501,090 |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment and intangible assets | (564,491) | (442,418) | (151,291) | (140,609) |
| Proceeds from sale of property, plant and equipment and intangible assets | 5,113 | 3,415 | 1,077 | 2,187 |
| Subsidiary's Share capital return | - | - | 144,536 | - |
| Increase / (decrease) of Other long term liabilities | 144,536 | (523) | - | - |
| Acquisition of subsidiaries | (11,356) | (1,481,102) | - | (1,571,522) |
| Payment of 3G License | (16,141) | (16,141) | (16,141) | (16,141) |
| Acquisition of investments | (800) | (127,965) | (800) | - |
| Proceeds from sale of securities | 59,573 | 88,492 | - | - |
| Interest received/Dividends | 17,369 | 17,204 | 24,504 | 12,269 |
| Net cash (used in) / from investing activities | (366,197) | (1,959,038) | 1,855 | (1,713,816) |
| Cash flows from financing activities | | | | |
| Proceeds from the issue of share capital | 10,703 | 11,718 | 12,150 | 11,718 |
| Issuance of loans | - | - | (229,000) | - |
| Proceeds from borrowings | - | 3,046,639 | - | 3,062,999 |
| Repayments of borrowings | (504,368) | (1,137,546) | (449,000) | (1,311,672) |
| Dividends paid | (244,830) | (216,456) | (244,830) | (216,456) |
| Net cash (used in) / from financing activities | (738,495) | 1,704,355 | (910,680) | 1,546,589 |
| Net increase/(decrease) in cash and cash equivalents | (382,475) | 488,966 | (454,136) | 333,863 |
| Cash and Cash equivalents at beginning of the year | 823,669 | 330,113 | 551,350 | 217,487 |
| Effect of exchange rate fluctuations on cash held | 891 | 4,590 | - | - |
| Cash and Cash equivalents at the end of the year | 442,085 | 823,669 | 97,214 | 551,350 |

The notes on pages 22 to 69 are an integral part of these Financial Statements.

COSMOTE MOBILE TELECOMMUNICATIONS S.A.
NOTES TO THE FINANCIAL STATEMENTS

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COSMOTE MOBILE TELECOMMUNICATIONS S.A.
NOTES TO THE FINANCIAL STATEMENTS

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COSMOTE MOBILE TELECOMMUNICATIONS S.A.
NOTES TO THE FINANCIAL STATEMENTS

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COSMOTE MOBILE TELECOMMUNICATIONS S.A.

NOTES TO THE FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED)

AS OF DECEMBER 31, 2007

(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 societe anonyme and mainly provides electronic communications services.

The shareholder’s structure of the Company as at 31 December 2007 was the following:

| | |
|--|--------|
| - OTE S.A. | 90.72% |
| - Flee float and institutional investors | 9.28% |

On 9 November 2007, OTE S.A. launched a voluntary Tender Offer for the acquisition of all the common registered shares of the Company, which OTE S.A. did not own at that date, namely 108,870,359 shares in total, for a consideration of EURO 26.25 (in absolute amount) per share in cash. The acceptance period of the Tender Offer started on 4 December 2007 and expired on 29 January 2008. Extended reference to the procedure and the results of the above Tender Offer is being made in Note 30 “Subsequent events”.

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

The Group except of COSMOTE comprises from the following subsidiaries and related companies, as of December 31, 2007:

| <u>Company</u> | <u>Activity</u> | <u>Country</u> | <u>Ownership Interest 31/12/2007</u> | <u>Ownership Interest 31/12/2006</u> |
|--|------------------|----------------|--------------------------------------|--------------------------------------|
| COSMOBULGARIA MOBILE EAD (GLOBUL EAD) S.C. COSMOTE ROMANIAN MOBILE TELECOMMUNICATIONS S.A (COSMOTE ROMANIA S.A.) | Services Company | Bulgaria | 100.00% | 100.00% |
| COSMOFON MOBILE TELECOMMUNICATIONS SERVICES AD – SKOPJE (COSMOFON AD) | Services Company | Skopje | 100.00% | 100.00% |
| OTE MTS HOLDING BV (MTS) | Holding Company | Holland | 100.00% | 100.00% |
| COSMOHOLDING ALBANIA S.A. | Holding Company | Greece | 97.00% | 97.00% |
| ALBANIAN MOBILE COMMUNICATIONS Sh.a. (AMC) | Services Company | Albania | 82.45% | 82.45% |
| COSMOHOLDING CYPRUS LTD | Holding Company | Cyprus | 90.00% (A) | 100.00% |
| GERMANOS S.A. | Commerce | Greece | 90.00% (A) | 99.03% |
| E-VALUE S.A. | Services Company | Greece | 90.00% (B) | 69.32% |
| GERMANOS TELECOM S.A. – SKOPJE | Commerce | Skopje | 90.00% (A) | 99.03% |
| GERMANOS TELECOM ROMANIA S.A. | Commerce | Romania | 89.99% (A) | 99.02% |
| SUNLIGHT ROMANIA SRL –FILIALA | Commerce | Romania | 89.99% (A) | 99.02% |
| GERMANOS TELECOM BULGARIA AD | Commerce | Bulgaria | 90.00% (A) | 99.03% |
| TELSIM SRL | Commerce | Romania | 90.00% (B) | - |
| MOBILBEEEP LTD | Commerce | Greece | 90.00% (A) | 100.00% |
| GRIGORIS MAVROMICHALIS AND PARTNERS LIMITED COMPANY | Commerce | Greece | 89.09% (A) | 98.03% |
| MOBILE TELECOMMUNICATIONS ALBATROS AND PARTNERS LIMITED COMPANY | Commerce | Greece | 89.99% | - |
| GEORGIOS PROKOPIS AND PARTNERS LIMITED COMPANY | Commerce | Greece | - (B) | 49.51% |
| IOANNIS TSAPARAS AND PARTNERS LIMITED COMPANY | Commerce | Greece | 45.90% (A) | 50.50% |
| OTENET CYPRUS LTD | Services Company | Cyprus | 18.00% (A) | 19.80% |
| OTENET TELECOMMUNICATIONS LTD | Services Company | Cyprus | 11.70% (A) | 12.87% |
| COSMO-ONE HELLAS MARKET SITE S.A. | E-commerce | Greece | 30.87% | 30.87% |
| COSMO-MEGALA KATASTIMATA S.A. | Services Company | Greece | 40.00% | 40.00% |

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(A) The decrease of the ownership interest is due to the acquisition by Mr. Panos Germanos of a 10% interest of COSMOHOLDING CYPRUS LTD, through its 100% controlled by him Cypriot holding company, MICROSTAR LTD (see Note 12 «Investments»).

(B) The alteration of the ownership interest is analyzed further in Note 12 «Investments».

The Company's and Group's employees at 31 December 2007 amounted to approximately 2,221 and 8,425 respectively (2006: 2,198 and 7,470 employees, respectively).

2. Basis of preparation

2.1 Preparation of the Financial Statements

The attached Parent and Consolidated Financial Statements (hereinafter referred to as the «Financial Statements») have been prepared on the historical cost basis, except for the valuation of various assets and liabilities which are at their fair value. As further explained in note 2.2 the Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), by applying IFRS 1 «First Time Adoption of the International Financial Reporting Standards», with transition date the 1 January 2004.

2.2 First Time Adoption of IFRS

The Company's Financial Statements were prepared until 31 December 2004 in accordance with the Codified Law 2190/1920 and Greek Accounting Principles (Greek GAAP), which in many cases differed from IFRS. In accordance with European Law 1606/2002 and based on the Law 3229/04 as amended by Law 3301/04, Greek companies that are listed on any Stock Exchange (domestic or foreign) must prepare their financial statements beginning with the year commencing 1 January 2005 and onwards in accordance with IFRS. In accordance with IFRS 1 and the above mentioned laws, the aforementioned companies must provide comparative financial statements in accordance with IFRS at least for one year. The Financial Statements of 31 December 2005 were the first that were published under IFRS.

The accounting policies presented below, are applicable on a consistent basis for all years and by all the Group's companies.

3. Significant Accounting Policies

The significant accounting policies adopted and followed for the preparation of the Financial Statements, in accordance with IFRS, are the following:

3.1 Management's Estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions which may affect the application of the accounting principles and the amounts recorded in the financial statements. Those estimates and assumptions are revised on a continuous basis. These revisions are recognized in the period they take place and effect the related reporting periods if the revision effect only the current period, or the revision period and the following periods, if the revision effects both the current and the future periods. The estimates and assumptions are based on the existing experience and on other factors that are considered reasonable, under the current circumstances. Those estimates are the basis of decision making related to the accounting value of assets and liabilities.

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3.2 Basis of consolidation

3.2.1 Subsidiaries

The Consolidated Financial Statements include the financial statements of COSMOTE and those of the subsidiaries it controls directly or indirectly. Control exist when the parent company has the power, directly or indirectly, to govern the financial and operating policies of the subsidiaries so as to obtain benefits from them. The financial statements of subsidiaries are consolidated based on the full consolidation method and are prepared at the same reporting date, using the same accounting policies as COSMOTE. Appropriate adjustments are made, when necessary, to ensure consistency in accounting policies used. Intragroup balances and transactions and any intercompany profit or loss are eliminated in the Consolidated Financial Statements. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

3.2.2 Associates

Associates are those entities, in which the Group has significant influence but not control over, the financial and operating policies. Significant influence, is mainly assumed to exist, when the parent company has the right to participate to the decisions of the financial and business policies, without exercising control over those decisions. The investments in associates are consolidated using the equity method. According to this method investments initially are recognized at cost which is equal to fair value, and are adjusted to recognize the Group's share of the gains or losses after the date of the acquisition until the date that the ownership ceases and also for any changes in investment's equity. Furthermore the investment is adjusted for any accumulated impairment loss.

When the Group's share of losses, exceed the carrying amount of the investment over the associate company, the carrying amount is reduced to nill and recognition of further losses is discontinued except to the extend that the Group has incurred obligations or has made payments on behalf of the associate.

Appropriate adjustments to the accounting policies of the associate are made when necessary to ensure consistency with the accounting policies of the Group.

At the Standalone Financial Statements of COSMOTE, the investments in subsidiaries and associates, are recognized at cost, less any accumulated impairment loss.

3.3 Investments on Financial Assets

Financial assets are classified as current assets and they are initially recognized at the fair value of the price paid while the resulted gains or losses are recorded in the Income Statement. Subsequent to initial recognition and according to the purpose for which the assets were acquired, they are classified as financial assets recorded at fair value and any changes are recognized in the income statement, as held-to-maturity and available for sale financial assets. Held-to-maturity investments are carried at amortized cost less any impairment loss.

Investments which held to maturity or which can be sold, in order to satisfy the company's cash liquidity or to achieve gain by the interest rates variation or by the exchange differences variation, are presented as available for sales investments. After the initial recognition, these investments are carried at their fair value. Gains or losses derived from the evaluation of the available for sale investments, are presented in a separate account in Equity, until the time where they will be sold or the time where an impairment of their value has been found out. In this case they are transferred to the income statement. In case of investments with interest, the interest which is calculated based on the effective interest method is recognized in the income statement.

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For investments that are negotiable in active market, fair value is calculated in accordance with the quoted bid price at the balance sheet date. For investments that are not negotiable in active market, fair value is calculated by evaluation techniques.

Investments held for trading available for or are available for sale are recorded/written off at the date the Group is committed to purchase/sell the investments. Investments held to maturity are recorded/written off at the transition date to/from the Group.

3.4 Foreign Currency Transactions

The Company maintains its books in EURO. Transactions in foreign currency are converted to Euro according to the foreign exchange rates ruling at the date of the transaction. At the balance sheet date, assets and liabilities which are denominated in foreign currencies, are translated to EURO using the foreign exchange rates at the balance sheet date. Gains or losses resulting from foreign exchange differences are recognized in the Income Statement.

Non monetary assets and liabilities, denominated in foreign currencies that are stated at cost are translated to EURO at foreign exchange rates ruling at that time and accordingly there are no exchange differences. Non monetary financial assets and liabilities denominated in foreign currencies that are stated at fair value are translated to EURO at foreign exchange rates ruling at the date the values were determined. In this case, exchange differences are part of gains or losses that derive from the evaluation of fair value and are presented in the Income Statement or in the Equity, depending on the nature of the monetary asset.

Except for operations in highly inflationary economies, where the financial statements are restated to current purchasing power prior to translation to the reporting currency, the functional currency of the Group's operations outside of Greece is the local country's foreign currency. Assets and liabilities as well as the goodwill and the fair value adjustments arising on consolidation of operations outside Greece are translated to EURO using exchange rates ruling the Balance Sheet date. The revenues and expenses are translated at the average exchange rates prevailing during the year which approximate the foreign exchange rates ruling at the date of transaction. All exchange differences are recognized as a separate component directly in Equity and are transferred in the Income Statement of the Group when the subsidiaries are sold.

3.5 Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of net assets acquired in business combinations at the date of the acquisition. Until December 31, 2003, goodwill was amortized on a straight-line basis. Since 1 January 2004, goodwill is no longer amortized, but is instead tested for impairment (at least annually). Impairment test is carried out in accordance with the provisions of IAS 36, "Impairment of Assets". As a result, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill shall not be reversed in a subsequent period. Goodwill resulted on acquisitions of subsidiaries is presented as an Intangible Asset. Goodwill arising from the acquisitions of associates is included in the investments' cost. In accordance with IFRS 1 "First Time Adoption of International Financial Reporting Statements", a company which implements IFRS for the first time can choose not to apply IAS 22 nor IFRS 3 which replaces it, retroactively, in consolidations which took place prior to the transition to IFRS. Practically, during the first adoption of IFRS, companies which are included in the consolidated financial statements, according to the previous accounting principles can deviate from IFRS 3 and IAS 22. The Company decided not to adopt IAS 22 and IFRS 3, retroactively. Consequently, the Company recognized all the assets and liabilities which arose in previous combinations except for a) financial assets and liabilities which had been written off in accordance with the previous accounting principles b) assets and liabilities which had not been recognized in the consolidated

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financial statements, according to IFRS c) wrote off any asset or liability which did not meet the criteria of recognition according to IFRS and d) recognized the book value of goodwill, at the transition date calculated according to the previous accounting principles. Furthermore, regarding the transaction of minority interest in companies that the Group has already obtained control, the difference between the cost of acquisition and the carrying amount of the acquired net assets, is presented within Equity as Consolidation Reserve. On 31 December 2007 the Company has carried out the required annual impairment test of goodwill and concluded that no impairment existed.

3.6 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost, plus interest costs incurred during the period of construction, less accumulated depreciation and impairment losses.

The cost and related accumulated depreciation of property, plant and equipment sold or retired are removed from the related accounts at the time of sale or retirement, and any gain or loss is included in the Income Statements.

Expenditure incurred to replace a component of an item of the property, plant and equipment are recognized as part of the cost of the asset, if it is probable that the future economic benefits embodied in the item will flow to the Group. All other expenditure is recognized in the Income Statement as an expense, as incurred.

The costs related to asset retirement obligations are recognized in the period in which they are generated, if a reasonable estimate of their fair value can be made. The related asset retirement costs are capitalized as part of the carrying amount of the property, plant and equipment and are amortized respectively.

3.7 Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is charged to the Income Statement on a straight-line basis, over the estimated useful lives of items, which is re – estimated periodically.

In case that the residual value, is material, it is reassessed on an annual basis.

3.8 Intangible assets

Intangible assets acquired separately are stated at cost whereas intangible assets acquired through a business acquisition are stated at fair value as at the date of the acquisition. The useful life of intangible assets is assessed to be either finite or indefinite. The cost of intangible assets with a finite useful life is amortized with the straight-line method over their estimated useful life. The cost of intangible assets with an indefinite useful life is not amortized. No residual values are recognized. The useful life of intangible assets are reviewed on an annual basis. Intangible assets with indefinite useful life are tested for impairment at least annually in an individualized level or in a level of generating cash flow.

Licenses which are considered as an intangible asset are recorded at their acquisition cost and are amortized over their useful life and in any case, until the end of their legal duration.

The amortization of Intangible Assets with a finite useful life begins when the asset is available for use.

Subsequent expenditure on Intangible Assets, is capitalized only when it increases the future economic benefits embodied in the specific asset to which is related. All other expenditure is expensed as incurred.

3.9 Share capital issuance expenses

Share capital issuance costs, net of related deferred tax, are reflected as a deduction of Share Premium Reserve.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits. For purposes of the consolidated statements of cash flows, time deposits and other highly liquid investments with maturities of three months (at the date of acquisition) or less, are considered to be cash equivalents.

3.11 Long-term assets/liabilities

Long-term assets or liabilities, which are interest free or have interest lower than market interest rates, are initially recognized at their net present value. The differences arising from discounting are presented as financial income/expenses in the Income Statement.

3.12 Inventories

Group's inventories that are consisted of sim cards, prepaid airtime cards, telephones and other accessories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. The amount of any reversal of any write-down of inventories, are recognized in the Income Statement in the period in which the reversal occurs.

3.13 Trade receivable and allowance for doubtful accounts

Accounts receivable (short term) are initially recognized at the fair value. Subsequently, the related amounts are reduced for any impairment. At each balance sheet date, the collectibility of the accounts receivable are assessed based on historical trends and statistical information and a reserve is recorded for probable losses that can be quantified. Each year, adjustments to the provision are recorded to the Income Statement related reserve is adjusted by recording a charge to the income statement. Receivables that are considered uncollectible are written off. Write offs of receivables' balances are written off against the provision.

3.14 Defined contribution plans

Obligations for contributions to defined pension plans are recognized as an expense in the Income Statement as incurred.

3.15 Defined benefit plans

The obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service at the date of the balance sheet. That benefit is discounted to determine the present value and the fair value of any plan asset is deducted. The discount rate is the yield at balance sheet date of the state bonds that have maturity date approximating the term of the obligation. These obligations are calculated on the basis of financial and actuarial studies which are carried out by an independent actuarial company. Net pension cost for the period that is measured based on the direct method, is recognized in the income statement and consist of the present value of the accrued benefits, interest cost on the benefits obligation, prior service cost and actuarial gains or losses. Prior service costs are recognized on a straight-line basis over the average period until the benefits become vested.

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All actuarial gains or losses, after January 1 2004, are recognised during the average future working life of active employees and are included in the service cost of the year, if –at the beginning of the year- they overcome 10% of the estimated future obligation. Otherwise the actuarial gains or losses are not recorded.

3.16 Shore Based Payment Transactions

The fair value of the stock option plans, is accounted for as an expense during the vested period, when the benefits have already been recorded immediately at the inception or at the amendments of each plan, prior service cost is recorded immediately.

The fair value of the stock option is calculated based on the generally accepted methods, taking into consideration the terms and conditions (except of market conditions) under which these rights have been granted. As far as the stock option plan is concerned, the cost is settled, so that it reflects the real number of the registered rights, unless the restriction of the right is due to the fact that the price of the stocks did not manage to succeed the registration limit.

As far as the rest of the rights is concerned, the liability is reevaluated at each Balance Sheet date and at the deposit date, while changes in the fair value of the liability, are recognized as an expense.

3.17 Earnings per Share

The basic and diluted earnings per share are calculated by dividing net profits after taxes by the weighted average number of shares of each year.

3.18 Dividends Payable

The distribution of dividends is classified as a liability on the date the distribution is approved by the Shareholders' Meeting.

3.19 Leases

Leases which transfer to the Company substantially all the risks and rewards of ownership are classified as financial leases and are accounted for by the lessee as the acquisition of an asset and the incurrence of a liability. In such case, lease payments are apportioned between the financial charges and the reduction of the lease liability. Financial expenses are recognized directly to income statement.

Financial leases are presented in the lower amount, between the fair and the present value of the minimum leased payments at the beginning of the lease, decreased by the accumulated depreciations and any impairment losses.

The lease is considered as an operating lease if based on the lease agreement the rights and obligations (risks) derived from the ownership of the asset are not transferred.

In such case the rental payments are recognized in the Income Statement as incurred based on the direct method depending on the duration of the lease.

3.20 Related Parties

Transactions and balances with related party are presented separately in the financial statements. Those related parties represent mainly to the main shareholders and management of a company and or its subsidiaries.

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3.21 Interest bearing loans

Loans are initially recognized at their fair value less any costs related to the loans. Subsequent to the initial recognition, loans are valued at their amortized cost. Gains or losses are recognized in the Income Statement through the amortization during the duration of the loans, using the effective interest rate.

3.22 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time, is recognized as a borrowing cost. Provisions are reviewed at each balance sheet date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed. Provisions are used only for the purpose for which they were originally recognized. Provisions are not recognized for future operating losses. Contingent assets and liabilities are not recognized.

3.23 Revenues

Group's Revenues consist mainly of the sale of goods and services, net of value-added tax, discounts and sales returns. Revenues are recognized as follows:

Sales of goods

Sales of goods reduced with the discounts offered are recognized as income, when the significant risks and rewards of ownership are transferred to the buyers and collectibility of the related receivables is reasonably assured. Retail sales are usually made either through cash payments or credit cards. In these cases the income recorded is gross, included credit cards' fees. The related credit cards' fees are recognized as distribution expenses.

Sales of services

The income from provision of services is recorded in the period in which the services are provided and are analyzed in the following basic categories:

- Monthly subscription fees -

Revenues related to the monthly subscription fees are recognized in the month that the telecommunication service is provided.

- Revenues from network usage -

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilized. Interconnection fees for mobile-to-mobile and fixed to mobile calls are recognized based on incoming traffic generated from other mobile operators' networks during the period where service is offered. Unbilled revenues, from the billing cycle date to the end of each period, are estimated based on traffic and are recorded at the end of each month.

Revenues from the sale of pre-paid airtime cards and the pre-paid airtime, net of discounts allowed, included in the pre-paid services packages, are recognized based on usage. Discounts given represent the difference between the price of pre-paid cards and packages (consisting of

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handsets and prepaid airtime) to the Group's Master Dealers and the retail sale price to the end customers. Unused airtime is included in "Unbilled revenue" in the balance sheet. Upon the expiration of pre-paid airtime cards, any unused airtime is recognized as income.

- Income from dividends -

Income from dividends is recognized at the date that these dividends are approved by the General Assembly of Shareholders' Meeting.

-Interest income -

Interest income is recognized on an accrued basis (using the effective interest method).

3.24 Advertising costs

Advertising costs are expensed as incurred.

3.25 Borrowing costs

Underwriting, legal and other direct costs incurred in connection with the issuance of long-term debt adjust the carrying amount of the liability and are recorded in the income statement using the effective interest rate method over the period of the debt. Borrowing costs incurred during the construction period of tangible assets attributable to these assets, are capitalized to the cost of these assets. All other borrowing costs are recognized as an expense as incurred.

3.26 Income tax

Income tax for the year comprises current and deferred income tax. Income tax is recognized in the Income Statement, except to the extent that it relates to the items recognized directly to equity in which case the tax is also recognized.

Current income taxes are measured on the taxable income at the balance sheet date using enacted tax rates at the balance sheet date.

Deferred income taxes are provided using the balance sheet liability method, providing for temporary timing differences arising between financial reporting and tax bases of assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

The following temporary differences are not provided for: goodwill, non deductible for tax purposes, the initial recognition of assets and liabilities that effect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

The value of deferred income taxes is reviewed at each balance sheet date and is reduced by the extent that future taxable income will not be available against the asset can be utilized.

3.27 Derivative Financial Investments

Derivative financial instruments include foreign exchange contracts, interest rate swaps, foreign exchange swaps and other derivative financial instruments.

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Derivatives for trading purposes: Derivative that do not qualify for hedging purposes are considered as entered into for trading purposes. Initially, derivatives are recognized at fair value (which is essentially the transaction cost) on the date on which the contract is entered into. Subsequently they are remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Fair value of interest rate swaps is the amount that the Group estimates that will collect or pay in order to end the swap at the balance sheet date, taking into consideration the current rates and the current creditability of the related parties. The fair value of the forward rate swaps is the share price as at the balance sheet date, which is the present value of quoted forward price.

Changes in the fair value of derivatives are recorded in the income statement.

For the derivatives that are used for hedging purposes, the Group does not apply hedge accounting and the gains or losses are recorded in the income statement.

3.28 Hedge Accounting

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

3.29 Offsetting receivables with payables

The offsetting of financial assets and liabilities and the presentation of the net amount in the Financial Statements is permitted only if there is a legal right for offsetting and there is an intention for the settlement of the net amount which derives from the offsetting or for an the settlement.

3.30 Impairment of Assets

According to IAS 36 the recoverable amount of an asset should be valued when there is an indication that this asset will probably be impaired with the exception of Goodwill and Intangible Assets with indefinite useful life which are tested for impairment at least annually. When the carrying amount of an asset is greater than its recoverable amount the impairment loss is recorded in the income statement for assets that are valued at cost whereas it is considered as a reduction of the equity for assets that are presented at the revaluated amount. For the purposes of the process of the impairment test, in order to assure the existence of the indication that an asset may be impaired, at least the external and internal sources of information are taken into account.

When the carrying amount exceeds the estimated recoverable amount, an impairment loss is recognized, which is recorded directly in the Income Statement. The recoverable amount is defined as the higher of the cash-generating units fair value less costs to sell and its value in use. Net selling price is the amount that can be received from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties after deducting the direct cost of disposal. For the estimation of the value of use, the estimated cash flows are discounted in the present value, using a before tax interest rate, which reflects the present estimations of the market, for the time value of money and for the risks related to these assets. For an asset that does not return significantly independent cash flow, the recover amount is defined for the production unit of the cash flow the asset belongs to.

An impairment loss for goodwill is not reversed in subsequent periods. In all other assets, the impairment loss is reversed when the estimation used for the calculation of the recoverable amount has been changed.

3.31 Segment Reporting

IAS 14 ("Segment Reporting") sets criteria for the determination of the business and geographical segments. Segments are determined based on Group's structure and its system based on the Group's financial decision makers review the financial information separately, as reported by of the parent company and each of the Group's consolidated subsidiaries, which are included in the consolidated financial statements. The reportable segments that should be reported separately are determined using the quantitative characteristics set by the Standard IAS 14. Further information is presented in note 6.

3.32 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

IFRS 8 Operating Segments introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 6). Under the management approach, the Group will present primary segment information in respect of its activities per country and telecommunications services and sales of merchandise as the secondary segment.

Revised **IAS 23 Borrowing Costs** removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for

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the Group's 2009 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.

IFRIC 12 Service Concession Arrangements provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any effect on the consolidated financial statements.³

IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the Group's 2008 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

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4. Operating revenues

Operating Revenues are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|------------------------|------------------|------------------|--------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Airtime | 991,421 | 837,278 | 649,805 | 605,377 |
| Interconnection | 548,539 | 532,308 | 360,254 | 390,363 |
| Monthly service fees | 620,178 | 490,148 | 485,101 | 405,747 |
| SMS and other services | 173,655 | 162,340 | 126,811 | 128,367 |
| Roaming | 68,528 | 69,147 | 39,523 | 43,592 |
| Sales of products | 630,839 | 271,055 | 60,459 | 43,654 |
| Other | 27,173 | 20,073 | 13,925 | 13,514 |
| Total Revenues | 3,060,333 | 2,382,349 | 1,735,878 | 1,630,614 |

5. Analysis of expenses

5.1. Operating expenses

Operating Expenses are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-------------------------------------|------------------|------------------|--------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Interconnection charges and roaming | 429,642 | 423,294 | 318,241 | 333,492 |
| Distribution expenses | 525,458 | 433,098 | 388,588 | 315,866 |
| Depreciation | 367,923 | 318,650 | 163,533 | 171,537 |
| Network operating expenses | 174,964 | 165,173 | 88,213 | 88,117 |
| Payroll and related cost | 208,381 | 143,544 | 105,452 | 91,541 |
| Cost of goods sold | 598,990 | 240,662 | 49,097 | 37,998 |
| Data (content) services | 22,518 | 22,476 | 18,110 | 19,113 |
| Provision of bad debt | 25,715 | 18,543 | 9,613 | 9,600 |
| Other expenses | 88,784 | 59,351 | 34,171 | 32,791 |
| Total of operating expenses | 2,442,375 | 1,824,791 | 1,175,018 | 1,100,055 |

5.1.1 Payroll expenses

Payroll expenses are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-----------------------------|------------------|----------------|--------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Payroll | 153,938 | 103,657 | 76,795 | 66,415 |
| Social security | 36,610 | 26,220 | 19,438 | 17,718 |
| Benefits and staff expenses | 13,549 | 11,057 | 6,454 | 5,558 |
| Other | 4,284 | 2,610 | 2,765 | 1,850 |
| Total | 208,381 | 143,544 | 105,452 | 91,541 |

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5.2. Other revenues - expenses

Other Revenues - Expenses are analyzed as follows:

| | <u>THE GROUP</u> | | <u>THE COMPANY</u> | |
|-------------------------------------|------------------|-----------------|--------------------|----------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| Foreign exchange differences | | | | |
| Gains | 4,662 | 17,318 | 395 | 284 |
| Losses | (15,083) | (11,850) | (291) | (55) |
| Total | (10,421) | 5,468 | 104 | 229 |
| Penalties | (1,468) | (1,740) | (448) | (1,601) |
| Other expenses | (3,780) | (5,163) | (1,204) | (192) |
| Other revenues | 3,617 | 2,822 | 200 | 324 |
| Total | (1,631) | (4,081) | (1,452) | (1,469) |
| Total Revenues | 8,279 | 20,140 | 595 | 608 |
| Total Expenses | (20,331) | (18,753) | (1,943) | (1,848) |
| | (12,052) | 1,387 | (1,348) | (1,240) |

5.3. Financial revenues - expenses

Financial Revenues - Expenses are analyzed as follows:

| | <u>THE GROUP</u> | | <u>THE COMPANY</u> | |
|---|------------------|-----------------|--------------------|-----------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| Financial Revenues | | | | |
| Interest income | 21,432 | 13,088 | 21,443 | 10,853 |
| Dividends and Other | 169 | 5,091 | - | 4,468 |
| Total financial revenues | 21,601 | 18,179 | 21,443 | 15,321 |
| Financial Expenses | | | | |
| Interest expense | (143,043) | (69,948) | (119,313) | (53,311) |
| Other financial expenses | (2,295) | (5,075) | (836) | (3,501) |
| Total financial expenses | (145,338) | (75,023) | (120,149) | (56,812) |
| Financial Income/ (expenses) (Net) | (123,737) | (56,844) | (98,706) | (41,491) |

5.4. Income tax**5.4.1 Greek Companies**

In accordance with the Law 3296/2004 the income tax rate has been decreased 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.

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Concerning the Company, it should be noted that in 2007, a tax audit for the fiscal years 2004 and 2005 was completed and the tax differences have been recorded in the Financial Statements. A temporary tax working paper was issued for a specific tax treatment of the Company during 2004. On January 2008, the working paper for the fiscal year 2004 was finalized without any additional tax.

The Company has not been audited by the tax authorities for the fiscal years 2006 and 2007. Consequently, the Company's tax liabilities for the unaudited tax years have not yet been finalized.

It should be noted that a tax audit for the years 2000 - 2006 for COSMOHOLDING ALBANIA S.A. was finalized without tax charges.

Regarding its subsidiaries and affiliates in Greece, they have not been audited by the tax authorities for the tax years presented below, consequently their tax liabilities have not yet been finalized.

| COMPANY | UNAUDITED TAX YEARS |
|---|---|
| COSMOHOLDING ALBANIA S.A. | 2007 |
| E-VALUE S.A. | 2003-2007 (tax audit in progress for the tax years 2003-2005) |
| MOBILBEEEP LTD. | 2005-2007 |
| GERMANOS S.A. | 2004-2007 (tax audit in progress for the tax years 2004-2005) |
| GRIGORIS MAVROMICHALIS AND PARTNERS LIMITED COMPANY | 2006-2007 |
| MOBILE TELECOMMUNICATIONS ALBATROS AND PARTNERS LIMITED COMPANY | 2006-2007 |
| IOANNIS TSAPARAS AND PARTNERS LIMITED COMPANY | 2004-2007 |
| COSMO-ONE HELLAS MARKET SITE S.A. | 2002-2007 |
| COSMO-MEGALA KATASTIMATA S.A. | 2003-2007 |

5.4.2 Foreign Subsidiaries

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

| COMPANY | UNAUDITED TAX YEARS |
|-----------------------------------|---|
| AMC | 2 nd half 2006-2007 |
| COSMOTE ROMANIA S.A. | 2004-2007 (tax audit in progress for the tax years 2004-2006) |
| COSMOFON AD | 2001-2007 |
| GLOBUL EAD | 2005-2007 |
| OTE MTS HOLDING BV | 2001-1007 |
| COSMOHOLDING CYPRUS LTD | 2006-2007 |
| GERMANOS TELECOM S.A. – SKOPJE | 2003-2007 |
| GERMANOS TELECOM BULGARIA AD | 2005-2007 |
| GERMANOS TELECOM ROMANIA S.A. | 2003-2007 |
| SUNLIGHT ROMANIA SRL/FILIALA | 2001-2007 |
| TEL SIM S.R.L | Since its establishment (2007) |
| OTENET CYPRUS LIMITED | 2000-2007 |
| OTENET TELECOMMUNICATIONS LIMITED | 2001-2007 |

It is also noted that on 29 March 2007, the Albanian tax authorities imposed to AMC, additional taxes for the period January 2001-June 2006. The imposition of such a tax charge, in case that will be finalised as is, is not expected to have an impact on AMC's results (pl. see Note 33.2.4)

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Regarding the unaudited tax years there is a possibility of implication of additional taxes or penalties, by the time that these years, will be examined by the tax authorities.

5.4.3. Income tax

Income tax recorded in the Income Statement is as follows:

| | THE GROUP | | THE COMPANY | |
|---------------------|------------------|------------------|--------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Current Income tax | (149,643) | (151,729) | (117,274) | (136,515) |
| Deferred income tax | 4,000 | (8,144) | (4,299) | (6,607) |
| Total | (145,643) | (159,873) | (121,573) | (143,122) |

The Group's average tax rate for 2007 is approximately 24.73% and for 2006 is approximately 27.38%. The above mentioned reduction of the average tax rate is due to the fact that the Company's tax rate is 25% for the year 2007 while in 2006 was 29%.

The reconciliation between income taxes as presented in the Income Statement with those resulted by the application of the enacted tax rates on the income before taxes, has as follows:

| | THE GROUP | | THE COMPANY | |
|--|------------------|------------------|--------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Net Income before income taxes | 482,169 | 502,101 | 460,806 | 487,828 |
| Tax calculated based on the local tax rate effective in each country | (130,023) | (143,483) | (115,127) | (141,470) |
| Tax reformation of revenues and expenses | (2,880) | (442) | (591) | 384 |
| Tax derived from the distribution of reserves and dividends | - | 10,042 | - | - |
| Current year losses for which no deferred tax asset was recognized | (19,159) | (15,857) | - | - |
| Change of tax rate | (2,620) | (1,521) | (860) | (7) |
| Other | 9,039 | (8,612) | (4,995) | (2,029) |
| | (145,643) | (159,873) | (121,573) | (143,122) |

6 Segment Reporting

The following information refers to the segments of the Group's companies 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.

Using the quantitative criteria set by the related Standard, COSMOTE and the companies located in the Balkans, have been defined as segments, that must be presented separately in the Financial Statements.

The accounting policies of the segments are the same with those applied in for the preparation of the Financial Statements. Management evaluates the effect of the segments based on the operating and net result.

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

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| 2007 | GREECE | CYPRUS | ALBANIA | BULGARIA | ROMANIA | FYROM | Total | Consolidation entries | Group |
|---|---------------|---------------|----------------|-----------------|----------------|--------------|--------------|------------------------------|------------------|
| Revenues from customers | 2,131,226 | - | 168,544 | 445,895 | 246,348 | 68,320 | 3,060,333 | - | 3,060,333 |
| Intercompany sales | 380,112 | - | 7,688 | 34,930 | 64,049 | 6,135 | 492,914 | (492,914) | - |
| Financial income | 48,149 | 5,148 | 5,693 | 808 | 415 | 84 | 60,297 | (38,696) | 21,601 |
| Financial expenses | 121,531 | 8,812 | 98 | 14,717 | 1,487 | 4,085 | 150,730 | (5,392) | 145,338 |
| Depreciation and amortization | 187,490 | - | 24,698 | 89,230 | 51,111 | 16,751 | 369,280 | (1,357) | 367,923 |
| Profit / (losses) before income taxes | 489,970 | (3,760) | 86,681 | 62,744 | (121,922) | (1,338) | 512,405 | (30,236) | 482,169 |
| Profit / (losses) after income taxes attributable to parent company | 358,628 | (1,558) | 51,774 | 55,880 | (86,527) | (1,344) | 376,853 | (15,582) | 361,271 |
| Investments in affiliated companies | 505 | - | - | - | - | - | 505 | - | 505 |
| Assets | 2,960,128 | 161,312 | 393,862 | 727,903 | 676,041 | 152,148 | 5,071,394 | (643,155) | 4,428,239 |
| Liabilities | 3,172,538 | - | 44,470 | 370,351 | 625,703 | 91,501 | 4,304,563 | (624,306) | 3,680,257 |
| Acquisition of PPE and intangibles | 165,321 | - | 26,537 | 129,590 | 219,794 | 20,432 | 561,674 | (14,584) | 547,090 |
| 2006 | GREECE | CYPRUS | ALBANIA | BULGARIA | ROMANIA | FYROM | Total | Consolidation entries | Group |
| Revenues from customers | 1,755,810 | - | 149,051 | 351,976 | 70,395 | 55,117 | 2,382,349 | - | 2,382,349 |
| Intercompany sales | 76,261 | - | 1,959 | 8,258 | 5,456 | 2,423 | 94,357 | 94,357 | - |
| Financial income | 17,507 | 2,278 | 2,503 | 166 | 137 | 143 | 22,734 | (4,555) | 18,179 |
| Financial expenses | 57,913 | - | 66 | 14,241 | 943 | 3,363 | 76,526 | (1,503) | 75,023 |
| Depreciation and amortization | 177,197 | - | 25,000 | 73,208 | 28,388 | 14,869 | 318,662 | (12) | 318,650 |
| Profit / (losses) before income taxes | 501,642 | 2,278 | 67,991 | 39,293 | (91,937) | (8,444) | 510,823 | (8,722) | 502,101 |
| Profit / (losses) after income taxes attributable to parent company | 362,732 | 1,936 | 49,898 | 32,502 | (92,304) | (8,444) | 346,320 | (4,092) | 342,228 |
| Investments in affiliated companies | 611 | - | - | - | - | - | 611 | - | 611 |
| Assets | 3,455,865 | 36,635 | 277,264 | 598,829 | 487,181 | 141,031 | 4,996,805 | (308,691) | 4,688,114 |
| Liabilities | 3,496,674 | 2,640 | 36,901 | 356,398 | 330,141 | 85,055 | 4,307,809 | (314,893) | 3,992,916 |
| Acquisition of PPE and intangibles | 137,540 | - | 24,563 | 96,956 | 164,524 | 17,624 | 441,207 | (4,140) | 437,067 |

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

Secondary Segment Information

| | Telecommunication services | | Sales of Merchandise | | Total | | Consolidation entries | | The Group | |
|------------------------------------|-----------------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|-------------------|
| | 31/12/2007 | 31/12/2006 | 31/12/2007 | 31/12/2006 | 31/12/2007 | 31/12/2006 | 31/12/2007 | 31/12/2006 | 31/12/2007 | 31/12/2006 |
| Revenues from customers | 2,429,494 | 2,111,294 | 630,839 | 271,055 | 3,060,333 | 2,382,349 | - | - | 3,060,333 | 2,382,349 |
| Intercompany sales | 228,309 | 56,494 | 264,605 | 37,863 | 492,914 | 94,357 | (492,914) | (94,357) | - | - |
| Total assets | 3,467,381 | 3,356,632 | 1,604,013 | 1,640,173 | 5,071,394 | 4,996,805 | (643,155) | (308,691) | 4,428,239 | 4,688,114 |
| Acquisition of PPE and intangibles | 533,613 | 440,154 | 28,061 | 1,053 | 561,674 | 441,207 | (14,584) | (4,140) | 547,090 | 437,067 |

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7. Deferred income taxes

Deferred income taxes which result from the temporary differences between the book value and the tax base of assets and liabilities are estimated using the enacted income tax rate, and are analyzed as follows:

| | THE GROUP | | | | | | THE COMPANY | | | | |
|--|--------------------------|-------------------------------------|--------------------------|-------------------------------------|---------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| | Balance as of 31/12/2007 | Effect in the Income Statement 2007 | Balance as of 31/12/2006 | Effect in the Income Statement 2006 | Acquisition of subsidiary | Balance as of 31/12/2005 | Balance as of 31/12/2007 | Effect in the Income Statement 2007 | Balance as of 31/12/2006 | Effect in the Income Statement 2006 | Balance as of 31/12/2005 |
| Deferred tax assets | | | | | | | | | | | |
| Losses carried forward | 3 | (706) | 709 | (6,665) | - | 7,374 | - | - | - | - | - |
| Useful life of tangible assets | 2,331 | 81 | 2,250 | 941 | - | 1,309 | - | - | - | - | - |
| Goodwill | 5,619 | 5,619 | - | - | - | - | - | - | - | - | - |
| Long term liability to MICROSTAR LTD | 2,202 | 2,202 | - | - | - | - | - | - | - | - | - |
| Provision for doubtful accounts | 2,517 | 931 | 1,586 | 336 | - | 1,250 | - | - | - | - | - |
| Provision for staff retirement indemnities | 2,058 | 269 | 1,789 | 217 | 157 | 1,415 | 1,929 | 275 | 1,654 | 239 | 1,415 |
| Temporary tax differences | 6,039 | 1,448 | 4,591 | 667 | - | 3,924 | 6,039 | 1,448 | 4,591 | 667 | 3,924 |
| Deferred revenue | 1,662 | 441 | 1,221 | 251 | - | 970 | - | - | - | - | - |
| Asset retirement obligation | 598 | 190 | 408 | 77 | - | 331 | 496 | 88 | 408 | 77 | 331 |
| Derecognition of capitalized in tax books expenses | 9,967 | (4,447) | 14,414 | 24 | 14,390 | - | - | - | - | - | - |
| Acquisition of subsidiary | 123 | 75 | 48 | (94) | 142 | - | - | - | - | - | - |
| Other | 7,509 | 4,198 | 3,311 | (2,425) | 2,387 | 3,349 | 3,347 | 1,443 | 1,904 | (192) | 2,096 |
| | 40,628 | | 30,327 | | 17,076 | 19,922 | 11,811 | | 8,557 | | 7,766 |
| Deferred tax liabilities | | | | | | | | | | | |
| Useful life of tangible assets | (25,707) | (11,546) | (14,161) | (3,553) | (6,879) | (3,729) | (13,562) | (5,573) | (7,989) | (4,260) | (3,729) |
| Unbilled revenue | (383) | 256 | (639) | (233) | - | (406) | - | - | - | - | - |
| Effective interest rate method application | (1,884) | 257 | (2,141) | (1,815) | - | (326) | (1,884) | 257 | (2,141) | (1,815) | (326) |
| Capitalization of borrowing costs | (1,458) | 260 | (1,718) | 407 | - | (2,125) | (1,458) | 260 | (1,718) | 407 | (2,125) |
| Evaluation of fair value of GERMANOS Group | (110,292) | 3,629 | (113,921) | 909 | (114,830) | - | - | - | - | - | - |
| Foreign exchanges differences | (122) | - | - | - | - | - | - | - | - | - | - |
| Other | (8,159) | 843 | (9,002) | 2,812 | (2,098) | (9,716) | (4,746) | (2,497) | (2,249) | (1,730) | (519) |
| | (148,005) | | (141,582) | | (123,807) | (16,302) | (21,650) | | (14,097) | | (6,699) |
| Benefit / (Expense) | | 4,000 | | (8,144) | | | | (4,299) | | (6,607) | |
| Deferred tax asset / (liability) | (107,377) | | (111,255) | | (106,731) | 3,620 | (9,839) | | (5,540) | | 1,067 |

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Deferred income taxes are presented in the Balance Sheet as follows:

| | THE GROUP | | THE COMPANY | |
|-------------------------------|------------------|------------------|--------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Deferred income tax asset | 16,234 | 11,443 | - | - |
| Deferred income tax liability | (123,611) | (122,698) | (9,839) | (5,540) |
| | (107,377) | (111,255) | (9,839) | (5,540) |

The movement of deferred income taxes is as follows:

| | THE GROUP | | THE COMPANY | |
|--|------------------|------------------|--------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Balance at the beginning of the year | (111,255) | 3,620 | (5,540) | 1,067 |
| Currency translation | (122) | (909) | - | - |
| Fair values of Group GERMANOS evaluation | - | (113,865) | - | - |
| Acquisition of subsidiaries | - | 8,043 | - | - |
| Income Statement effect | 4,000 | (8,144) | (4,299) | (6,607) |
| Balance at the year end | (107,377) | (111,255) | (9,839) | (5,540) |

8. Earnings and balances per share

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

The earnings per share are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|--|------------------|-------------|--------------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| Profits after taxes & minority interests | 361,271 | 360,519 | 339,233 | 344,706 |
| Weighted average number of shares outstanding (in thousands) | 334,701 | 333,598 | 334,701 | 333,598 |
| Basic earnings per share (in EURO) | <u>1.08</u> | <u>1.08</u> | <u>1.01</u> | <u>1.03</u> |
| Diluted earnings per share (in EURO) | <u>1.08</u> | <u>1.08</u> | <u>1.01</u> | <u>1.03</u> |

9. Transactions and balances with related parties

Related parties of the Group, are considered COSMOTE, the subsidiaries, the associated companies, the Group's Management and its Key Management Personnel and OTE Group.

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

Sales to related companies related mainly to merchandise sales (e.g. Cosmokarta, air time vouchers, sim cards etc). The prices are determined on the basis of cost plus profit. The provision of services to related parties mainly refers to interconnection, know how and staff secondment, renting, roaming services etc.

Rentented services from related parties are transactions on an arms length basis and are mainly related to interconnection services and building rents, leased lines, collecting of and printing bills, sales commissions etc.

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The loans payable to related companies at 31 December 2007 are as follows:

| | BORROWER | | LENDER | | | | TOTAL |
|--|---------------|------------------|---------------|---------------|----------------|------------------|-------|
| | AMC | OTE Plc | GERMANOS | OTE | COSMOTE | | |
| COSMOTE | 49,700 | 2,476,913 | - | - | - | 2,526,613 | |
| GTR | - | - | 25,000 | - | - | 25,000 | |
| GTB | - | - | 6,000 | - | - | 6,000 | |
| GTS | - | - | 2,000 | - | - | 2,000 | |
| FILIALA | - | - | 1,500 | - | - | 1,500 | |
| GLOBUL EAD | - | 160,000 | - | - | 40,000 | 200,000 | |
| COSMOTE ROMANIA S.A. | - | - | - | 16,000 | 360,000 | 376,000 | |
| OTE MTS | - | - | - | - | 150 | 150 | |
| COSMOFON AD | - | - | - | 51,200 | 9,000 | 60,200 | |
| Total | 49,700 | 2,636,913 | 34,500 | 67,200 | 409,150 | 3,197,463 | |
| Consolidation eliminations of loans | (49,700) | - | (34,500) | - | (409,150) | (493,350) | |
| Group's Total (Note 24) | - | 2,636,913 | - | 67,200 | - | 2,704,113 | |

Related party transactions, for the year 2007 and 2006 are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Revenues | | | | |
| Interconnection | 161,487 | 149,432 | 114,539 | 123,524 |
| Sales of prepaid airtime vouchers and SIM cards | 16,918 | 20,177 | 222,120 | 53,705 |
| Subscribers' bills | 2,189 | 981 | 2,632 | 1,251 |
| Management fees | - | - | 12,410 | 12,065 |
| Finance income | - | - | 12,949 | 2,925 |
| Other | 1,950 | 2,466 | 2,536 | 2,301 |
| Total | 182,544 | 173,056 | 367,186 | 195,771 |
| Expenses | | | | |
| Subscribers' commissions | 81,621 | 75,124 | 213,072 | 100,107 |
| Interconnection costs | 35,446 | 27,029 | 38,594 | 26,954 |
| Leased lines | 26,241 | 31,153 | 19,196 | 22,683 |
| Enveloping, postage and collection of accounts receivable expenses | 6,618 | 15,653 | 8,945 | 16,107 |
| Network expenses | 4,028 | 3,457 | 3,605 | 3,457 |
| Rents | 9,646 | 7,458 | 7,719 | 6,785 |
| Finance expense | 139,201 | 58,465 | 119,185 | 45,985 |
| Payroll expenses | 3,999 | 4,683 | 3,999 | 4,683 |
| Other | 3,669 | 9,565 | 4,498 | 6,133 |
| Total | 310,469 | 232,587 | 418,814 | 232,894 |

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Fees paid to the members of the Board of Directors of the companies of COSMOTE Group which have been charged to the Income Statements of 2007 amounted to EURO 333, of which EURO 166 related to the Company.

Fees paid to the non executive members of the Board of Directors of the companies of COSMOTE Group which have been charged to the Income Statements of 2007 amounted to EURO 210, of which EURO 146 related to the Company.

Benefits to the Key Management Personnel are analyzed as follows:

| | <u>THE GROUP</u> | <u>THE COMPANY</u> |
|--|------------------|--------------------|
| Short term benefits to Key Management Personnel | 11,061 | 4,869 |
| Post employment benefits to Key Management Personnel | 3,644 | 3,644 |
| Other long term benefits to Key Management Personnel | - | - |

Share-based benefits regarding the Company and the Group are analysed as follows:

The total number of COSMOTE' s stock option rights granted in October 2007 to COSMOTE' s and Group' s Key Management Personnel is 389,530 shares at a price of EURO 23.05 (in absolute amount) per share, of which 342,980 stock option rights were granted to COSMOTE' s Key Management Personnel.

Following a relevant resolution of the Company' s Board of Directors, the Company shall pay to the Deputy Managing Director compensation equal to at least one (1) annual salary, in case of termination of his employment agreement not due to employee' s default or in case of non renewal of the employment agreement. In addition, following a relevant resolution of the General Shareholders Meeting of the Company, the Company shall pay to the rest of the Company' s Key Management Personnel compensation, in case of termination of the employment agreement not due to employee' s default, equal to at least one (1) annual salary. Note 25 provides further details on these issues.

The Company has not granted loans, guarantees or credit to its Key Management Personnel or the persons mentioned in paragraph 5 of article 23a of Codified Law 2190/1920.

On 26 September 2007 the Company' s Board of Directors elected Mr. Michail Tsamaz as a new member in replacement of the resigned Managing Director. In addition, on 26 November 2007 the Company' s Board of Directors elected Mr. I. Aivazis, Chief Operating Officer of OTE, as a new non executive member in replacement of the resigned member Mr. Y. Sarantitis. Following these, the Board of Directors, on 31 December 2007, comprised of:

| | |
|----------------|--|
| P. Vourloumis | Chairman & Managing Director– Executive member |
| K. Apostolides | Vice Chairman – Independent Non executive member |
| M. Tsamaz | Deputy Managing Director - Executive member |
| I. Vezanis | Independent Non executive member |
| I. Aivazis | Non executive member |
| E. Despotou | Non executive member |
| G. Ioannidis | Non executive member |
| G. Mavrakis | Non executive member |
| C. Economou | Non executive member |

The term of the above mentioned Board of Directors expires on 30.6.2009.

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10. Property, Plant and Equipment

Property, Plant and Equipment are analyzed as follows:

| | THE GROUP | | | | | | Total |
|---|---------------------------|---------------|--|-----------------------------|---|-----------------------------|------------------|
| | Buildings & constructions | Land | Machinery- installations- miscellaneous equipment | Transportation equipment | Furniture & miscellaneous equipment | Construction in progress | |
| 1/1/2006 | | | | | | | |
| Cost | 44,931 | 722 | 2,170,329 | 5,949 | 87,172 | 232,351 | 2,541,454 |
| Accumulated depreciation | (12,898) | - | (999,347) | (2,448) | (63,905) | - | (1,078,598) |
| Net book value | 32,033 | 722 | 1,170,982 | 3,501 | 23,267 | 232,351 | 1,462,856 |
| 2006 | | | | | | | |
| Subsidiaries acquisition (acquisition cost) | 34,910 | 20,722 | 4,218 | 2,917 | 48,430 | 1,884 | 113,081 |
| Subsidiaries acquisition (accum.depreciation) | (7,228) | - | (4,408) | (712) | (27,593) | - | (39,941) |
| Additions | 12,910 | 156 | 282,791 | 2,715 | 7,077 | 114,464 | 420,113 |
| Disposals | (82) | - | (488) | (1,083) | (1,762) | - | (3,415) |
| Effect of movement in exchange rates on acquisition cost | 299 | 4 | 12,387 | 123 | 372 | 10,443 | 23,628 |
| Effect of movement in exchange rates on accumulated depreciation | (27) | - | 5,165 | (57) | (105) | - | 4,976 |
| Depreciation for the year | (5,805) | - | (270,341) | (799) | (10,110) | - | (287,055) |
| Accumulated depreciation of disposals | 16 | - | 606 | 742 | 81 | - | 1,445 |
| 31/12/2006 | | | | | | | |
| Cost | 92,968 | 21,604 | 2,469,237 | 10,621 | 141,289 | 359,142 | 3,094,861 |
| Accumulated depreciation | (25,942) | - | (1,268,325) | (3,274) | (101,632) | - | (1,399,173) |
| Net book value 31/12/2006 | 67,026 | 21,604 | 1,200,912 | 7,347 | 39,657 | 359,142 | 1,695,688 |
| 2007 | | | | | | | |
| Additions / (transfers) | 27,812 | 1,333 | 661,247 | 2,394 | 30,432 | (172,267) | 550,951 |
| Disposals | (480) | - | (10,054) | (1,748) | (1,399) | (564) | (14,245) |
| Effect of movement in exchange rates on acquisition cost | (686) | - | (43,569) | (255) | (478) | 4,255 | (40,733) |
| Effect of movement in exchange rates on accumulated depreciation | 312 | - | 10,362 | 91 | 240 | - | 11,005 |
| Accumulated depreciation of disposals | 7 | - | 6,304 | 954 | 811 | - | 8,076 |
| Depreciation for the year | (8,102) | - | (290,988) | (1,687) | (15,269) | - | (316,046) |
| 31/12/2007 | | | | | | | |
| Cost | 119,614 | 22,937 | 3,076,861 | 11,012 | 169,844 | 190,566 | 3,590,834 |
| Accumulated depreciation | (33,725) | - | (1,542,647) | (3,916) | (115,850) | - | (1,696,138) |
| Net book value 31/12/2007 | 85,889 | 22,937 | 1,534,214 | 7,096 | 53,994 | 190,566 | 1,894,696 |

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| | THE COMPANY | | | | | Total |
|---------------------------------------|--------------------------------------|--|---------------------------------|--|---------------------------------|----------------|
| | Buildings & constructions | Machinery- installations- miscellaneous equipment | Transportation equipment | Furniture & miscellaneous equipment | Construction in progress | |
| 1/1/2006 | | | | | | |
| Cost | 16,951 | 1,300,860 | 1,104 | 73,362 | 96,614 | 1,488,891 |
| Accumulated depreciation | (7,308) | (685,847) | (619) | (57,290) | - | (751,064) |
| Net book value | 9,643 | 615,013 | 485 | 16,072 | 96,614 | 737,827 |
| 2006 | | | | | | |
| Additions | 775 | 72,280 | - | 4,752 | 60,867 | 138,674 |
| Disposals | - | (421) | - | (1,766) | - | (2,187) |
| Depreciation for the year | (1,583) | (147,933) | (112) | (8,277) | - | (157,905) |
| Accumulated depreciation of disposals | - | 220 | - | 1,756 | - | 1,976 |
| 31/12/2006 | | | | | | |
| Cost | 17,726 | 1,372,719 | 1,104 | 76,348 | 157,481 | 1,625,378 |
| Accumulated depreciation | (8,891) | (833,560) | (731) | (63,811) | - | (906,993) |
| Net book value | 8,835 | 539,159 | 373 | 12,537 | 157,481 | 718,385 |
| 2007 | | | | | | |
| Additions | 721 | 127,127 | - | 9,922 | 13,794 | 151,564 |
| Disposals | - | (4,680) | (120) | (517) | (564) | (5,881) |
| Depreciation for the year | (2,264) | (139,334) | (86) | (6,680) | - | (148,364) |
| Accumulated depreciation of disposals | - | 3,600 | 120 | 517 | - | 4,237 |
| 31/12/2007 | | | | | | |
| Cost | 18,447 | 1,495,166 | 984 | 85,753 | 170,711 | 1,771,061 |
| Accumulated depreciation | (11,155) | (969,294) | (697) | (69,974) | - | (1,051,120) |
| Net book value | 7,292 | 525,872 | 287 | 15,779 | 170,711 | 719,941 |

It is noted that property, plant and equipment are not pledged.

The depreciation rates have as follows:

| | Depreciation rates | Useful life (years) |
|---|---------------------------|----------------------------|
| Telecommunication systems and installations | 10%-25% | 4-10 |
| Furniture and miscellaneous | 14%-20% | 5-7 |
| Transportation equipment | 14% | 7 |
| Software -licenses | 10% | 10 |
| Software - (upgrades, improvements) | 20%-33% | 3-5 |

Leasehold improvements are amortized over the term of the lease.

The investments of the Group during 2007, are analyzed as follows:

| | THE GROUP | | Total; |
|------------------------|------------------------|--------------------------|----------------|
| | Tangible Assets | Intangible Assets | |
| Additions / Transfers | 550,951 | 10,384 | 561,335 |
| Disposals / Write offs | (14,245) | - | (14,245) |
| Total | | | 547,090 |

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The net additions for 2007, per subsidiary, are as follows:

| | |
|----------------------|----------------|
| COSMOTE S.A. | 145,683 |
| GLOBUL EAD | 126,900 |
| COSMOTE ROMANIA S.A. | 201,002 |
| AMC | 26,537 |
| COSMOFON | 18,431 |
| GROUP GERMANOS | 28,420 |
| MOBILBEEEP | 117 |
| | <u>547,090</u> |

11. Goodwill, Telecommunication Licenses and intangible assets

Goodwill, Telecommunication licenses and intangible assets, are analyzed as follows:

| | <u>THE GROUP</u> | | | <u>THE COMPANY</u> |
|---|-----------------------------------|--------------------------|-----------------|-----------------------------------|
| | <u>Telecommunication licenses</u> | <u>Intangible assets</u> | <u>Goodwill</u> | <u>Telecommunication licenses</u> |
| <u>1/1/2006</u> | | | | |
| Cost | 501,023 | - | 79,673 | 266,257 |
| Accumulated depreciation | (109,618) | - | (17,258) | (42,981) |
| Net book value | 391,405 | - | 62,415 | 223,276 |
| Year 2006 | | | | |
| Additions | 20,369 | - | - | 131 |
| Acquisition through business combinations (acquisition cost) | - | 554,820 | 463,841 | - |
| Transfer from GERMANOS | - | 6,670 | 4,845 | - |
| Goodwill valuation | - | - | (640) | - |
| Effect of movements in exchange rates on cost | 4,093 | - | 149 | - |
| Depreciation for the year | (31,595) | (3,818) | - | (13,632) |
| Acquisition through business combination (accum. depreciation) | - | (1,897) | - | - |
| Effect of movements in exchange rates on accumulated depreciation | (2,061) | - | - | - |
| 31/12/2006 | | | | |
| Cost | 525,485 | 561,490 | 547,868 | 266,388 |
| Accumulated depreciation | (143,274) | (5,715) | (17,258) | (56,613) |
| Net book value | 382,211 | 555,775 | 530,610 | 209,775 |
| 2007 | | | | |
| Additions | 5,677 | 4,707 | - | - |
| Effect of movements in exchange rates on cost | (3,826) | (1) | - | - |
| Goodwill valuation | - | - | 793 | - |
| Depreciation for the year | (31,276) | (20,601) | - | (15,169) |
| Effect of movements in exchange rates on accumulated depreciation | 2,230 | - | - | - |
| 31/12/2007 | | | | |
| Cost | 527,336 | 566,196 | 548,661 | 266,388 |
| Accumulated depreciation | (172,320) | (26,316) | (17,258) | (71,782) |
| Net book value 31/12/2007 | 355,016 | 539,880 | 531,403 | 194,606 |

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During 2007 the Group has carried out the required impairment test of the intangible assets with indefinite useful life and goodwill that are included in the Financial Statements and concluded that no need for impairment existed.

12 Investments

Investments are analyzed as follows:

| COMPANY'S NAME | THE GROUP | | THE COMPANY | |
|------------------------------------|------------|------------|------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| COSMOHOLDING ALBANIA S.A. | - | - | 91,774 | 91,715 |
| COSMOHOLDING CYPRUS LTD | - | - | 1,429,090 | 1,577,063 |
| COSMOTE ROMANIA S.A. | - | - | 122,033 | 121,914 |
| GLOBUL EAD | - | - | 402,629 | 402,444 |
| OTE MTS HOLDING B.V. | - | - | 91,281 | 91,258 |
| COSMO-ONE HELLAS MARKET SITE S.A.. | 412 | 429 | 528 | 528 |
| COSMO-MEGALA KATASTIMATA S.A. | 93 | 182 | 234 | 234 |
| | 505 | 611 | 2,137,569 | 2,285,156 |

The movement of Investments is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|--|------------|------------|------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Balance at the beginning of the year | 611 | 909 | 2,285,156 | 707,783 |
| Subsidiaries acquisition | - | - | - | 1,577,063 |
| Granting of Company's stocks to Group's Key Management personnel | - | - | 1,492 | 310 |
| Decrease of COSMOHOLDING CYPRUS LTD share capital | - | - | (144,536) | - |
| Recovery of expenses related to the subsidiaries acquisition | - | - | (4,543) | - |
| Evaluation of affiliates | (106) | (298) | - | - |
| | 505 | 611 | 2,137,569 | 2,285,156 |

The summary financial information of the Group's affiliates is analyzed as follows:

| Company's name | Country | Ownership interest | Assets | Liabilities | Revenues | Profit/ (Loss) |
|------------------------------------|---------|--------------------|--------------|-------------|--------------|----------------|
| 31/12/2007 | | | | | | |
| COSMO-ONE HELLAS MARKET SITE S.A.. | Greece | 30.87% | 1,959 | 628 | 1,972 | (56) |
| COSMO-MEGALA KATASTIMATA S.A. | Greece | 40.00% | 360 | 126 | 80 | (220) |
| | | | 2,319 | 754 | 2,052 | (276) |
| 31/12/2006 | | | | | | |
| COSMO-ONE HELLAS MARKET SITE S.A.. | Greece | 30.87% | 1,956 | 568 | 1,748 | (482) |
| COSMO- MEGALA KATASTIMATA S.A. | Greece | 40.00% | 587 | 133 | 236 | (252) |
| | | | 2,543 | 701 | 1,984 | (734) |

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During 2006 the Company acquired through its 100 %, at that time, subsidiary COSMOHOLDING CYPRUS LTD, the majority of stocks of the listed in the Athens Stock Exchange company, GERMANOS S.A., mainly specialized in the sale of telecommunication products and services.

More specifically, the Company has acquired, following the spin-off of the non-core to COSMOTE Group operations and an agreement concluded with Mr. Panos Germanos and other shareholders, a stake of 42% in the share capital of GERMANOS S.A., a stake of 20.75% through the Athens Stock Exchange and a stake of 36.28% following the submission of a mandatory Tender Offer. The Company has consolidated the fair value of GERMANOS S.A Group, by applying IFRS 3, at the date on which GERMANOS S.A.'s control was obtained, namely 2 October 2006, following a report of an independent firm. The above consolidation resulted mainly to the creation of intangible assets (Goodwill, Brand name of "GERMANOS" etc) and related deferred tax obligations.

After 2 October 2006, the differences between the cost of acquisition of minority rights and their bookvalue appear in the Consolidation Reserve.

On 15 January 2007 Mr. Panos Germanos acquired a 10% interest of COSMOTE' s subsidiary, COSMOHOLDING CYPRUS LTD, by subscribing 100 common shares (Class B) for the total amount of EURO 144,545, through its 100% controlled by him Cypriot holding company, MICROSTAR LTD. Subsequently, as of 31 December 2007 the participation interest of COSMOTE in COSMOHOLDING CYPRUS LTD is 90% and the indirect participation interest of COSMOTE - through COSMOHOLDING CYPPUS LTD - in GERMANOS S.A. is approximately 90.00%.

According to the terms of issuance of Class B shares, compliance to which was guaranteed by COSMOTE, these shares will not be entitled to dividend, return of capital, or any distribution of capital or profit or other type of distribution.

The above shares will be redeemable by COSMOHOLDING CYPRUS LTD or by any person indicated by COSMOTE on 31 December 2009 or, at the discretion of the controlling shareholder of MICROSTAR LTD, on 31 December 2011, at a price that will also depend on the achievement of certain business targets until the date of redemption. In addition, the Class B shares may be early redeemed upon request (i) of the owner of these shares in case of change of control of COSMOTE or OTE or (ii) of COSMOHOLDING CYPRUS LTD or the owner of these shares in case COSMOTE decides to sell COSMOHOLDING CYPRUS's shares owned by it to third persons not controlled by it directly or indirectly.

The participation interest of COSMOHOLDING CYPRUS LTD in GERMANOS S.A. on 31 December 2007 is 99.998%.

The amount of EURO 144,545, plus an amount of EURO 8,809 (totally EURO 153,354) representing accrued interest, is presented in the consolidation Balance sheet in Other long term liabilities (Note 26), since the specific shares are redeemable by COSMOHOLDING CYPRUS LTD on 31 December 2009 or, at the discretion of MICROSTAR LTD, on 31 December 2011, in a price depending also on the achievement of certain business targets up to the date of redemption.

On 18 June 2007, a Court decision was registered to the Register of Companies dated as of 4 June 2007 according to which COSMOHOLDING CYPRUS LTD's share premium reserve was decreased by EURO 144,536. This amount was returned to COSMOTE on 18 June 2007.

On 8 March 2007 the Hellenic Capital Market Commission approved the request of COSMOHOLDING CYPRUS LTD, for the squeeze-out of the remaining shares of GERMANOS S.A

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During 2007 COSMOHOLDING CYPRUS LTD has paid for the acquisition of GERMANOS S.A.' shares the total amount of EURO 31,356

Based on the decision no. 427/09.05.2007 of the Board of Directors of the Hellenic Capital Market Commission, the delisting of GERMANOS S.A. from the Athens Stock Exchange has been approved as of 11 May 2007.

Moreover, according to the Share Purchase Agreement dated 9 May 2006 between COSMOTE and Mr. Panos Germanos, on 21 November 2007 a return of consideration amounting to 20,000 EURO was made by the latter to COSMOHOLDING CYPRUS LTD.

On 11 January 2007 the Company's subsidiary GERMANOS S.A. acquired all of the shares of E-VALUE S.A., namely 340,090 shares of Mr. P. Germanos, 97,169 shares of Tradetoria LTD, 48,585 shares of DLX Co. LTD and in total 485,844 common registered shares of a nominal value of Euro 2,93 (in absolute amount) each, which represent 30% of E-VALUE S.A.'s paid in share capital, for a consideration of EURO 10. Following these transactions, GERMANOS S.A. holds 1,619,475 common registered shares of E-VALUE S.A. which represents 100% of interest.

The General Shareholders Meeting of GERMANOS S.A. dated 8 November 2007 decided the acquisition of the 235 company stakes (1%) of Mr. G. Prokopis of "MOBILE TELECOMMUNICATIONS ALBATROS AND PARTNERS LIMITED COMPANY" at their nominal value, that means EURO 7.

The General Shareholders Meeting of GERMANOS S.A. dated 8 November 2007 decided the sale of the 1,000 company stakes (50%) which GERMANOS S.A. holds in the capital of the company "GEORGIOS PROKOPIS AND PARTNERS LIMITED COMPANY", to Mr. G. Prokopis (999 stakes) and to Mrs N. Garoufali, Mr. G.Prokopi's wife (1 stake), at the total price of EURO 189. In addition to this amount, the above mentioned General Shareholders Meeting decided an amount of EURO 89 to be paid to GERMANOS which corresponds to 50% of the value of the goods, existing in the store which operates the company.

GERMANOS TELECOM ROMANIA S.A. participates since November 2007 with a stake of 99.99% in the Romanian Company TELSIM GSM SRL, with registered offices at Voluntari, no.1 /II Pipera - Tunari Road, 3rd floor, rooms no.1 and 2, Ilfov County, which operates a retail network of telecommunication products and services. Its share capital amounts to LEI 3,200 (EURO 1) and is divided in 320 registered shares of a nominal value of LEI 10 (EURO 3,125) each (absolute amount). On 14 November 2007 the Board of Directors of GERMANOS TELECOM ROMANIA S.A. has decided the increase of TELSIM GSM SRL share capital by LEI 3,286,800 (EURO 938).

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13. Other long term assets

Long term receivables are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-------------------------------------|------------------|---------------|--------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Guarantees for rentals | 4,411 | 3,759 | 2,252 | 2,192 |
| Evaluation of financial assets | 3,697 | 28,135 | 3,697 | 28,135 |
| Guarantees for Public Power Company | 359 | 335 | 359 | 335 |
| Guarantees for car leasing | 601 | 658 | 601 | 658 |
| Other guarantees | 921 | 981 | 37 | 50 |
| Total | 9,989 | 33,868 | 6,946 | 31,370 |

14. Inventories

Inventories are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-------------------------------------|------------------|---------------|--------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Merchandise | 86,456 | 86,082 | 13,143 | 14,049 |
| Packaging materials and consumables | 9,290 | 6,911 | 3,526 | 2,789 |
| Provision for obsolete inventories | (7,637) | (3,727) | - | - |
| Total | 88,109 | 89,266 | 16,669 | 16,838 |

The amount recognized in income statements as obsolete inventories (provision for obsolete inventories and cost of sold merchandises) is EURO 1,152 for the Group for year 2007 (EURO 2,511 for the year 2006) and for the Company EURO 852 (EURO 1,290 for the year 2006).

15. Trade receivables

Trade receivables are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-------------------------------------|------------------|----------------|--------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Customers | 429,352 | 385,565 | 214,124 | 171,110 |
| Unbilled revenues | 43,496 | 34,775 | 25,793 | 23,678 |
| Receivable from collection agencies | 6,279 | 5,949 | 2,705 | 5,046 |
| Cheques receivable and other | 56,195 | 65,091 | 256 | 1,563 |
| Provision for doubtful debts | (124,880) | (98,177) | (68,400) | (58,909) |
| Total | 410,442 | 393,203 | 174,478 | 142,488 |

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

| | <u>THE GROUP</u> | <u>THE COMPANY</u> |
|--|------------------|--------------------|
| Balance 01/01/2006 | (79,634) | (49,309) |
| Impairment loss recognized | (18,543) | (9,600) |
| Additions due to business combinations | (219) | - |
| Write offs | 500 | - |
| Effect of movement in exchange rates | (281) | - |
| Υπόλοιπο 31/12/2006 | (98,177) | (58,909) |
| Year 2007 | | |
| Impairment loss recognized | (25,715) | (9,613) |
| Write offs | 123 | 122 |
| Effect of movement in exchange rates | (1,111) | - |
| Balance 31/12/2007 | (124,880) | (68,400) |

16. Investments

Investments are analyzed as follows:

| | <u>THE GROUP</u> | | <u>THE COMPANY</u> | |
|--------------|------------------|---------------|--------------------|-------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| Stocks | 7,624 | 6,924 | 1,706 | 852 |
| Bonds | - | 60,318 | - | - |
| Total | 7,624 | 67,242 | 1,706 | 852 |

Group's stocks have been evaluated in fair value, net profit has been recognized in the income statement and comprise by the following stocks:

- EMPORIKI BANK (listed in ASE)
- BLACK SEA FUND LP
- SOUTH EASTERN EUROPE FUND
- SHARES OF MUTUAL FUND DHLOS-PETOTE

Furthermore Group's bonds as of December 31, 2006 were sold in 2007 and net profit EURO 305 has been recognized in financial income.

17. Assets classified as held for sale

Group's assets classified as held for sale, consist of investment in OTENET CYPRUS LTD, amounting to EURO 578, which has been valued in purchase price, which, according to Management's estimation, does not differ from its fair value.

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18. Other current assets

Other current assets are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-----------------------------------|------------------|---------------|--------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Advance payments to third parties | 64,160 | 32,912 | 38,455 | 19,624 |
| VAT receivable | 25,224 | 13,375 | - | - |
| Accrued income | 2,426 | 24,700 | 27 | 149 |
| Advance for Income tax | 21,412 | 8,166 | - | - |
| Other Receivable | 3,462 | 7,416 | 276 | 2,311 |
| | 116,684 | 86,569 | 38,758 | 22,084 |

19. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|--------------------------|------------------|----------------|--------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash | 2,898 | 3,544 | 751 | 1,128 |
| Demand and time deposits | 439,187 | 820,125 | 96,463 | 550,222 |
| Total | 442,085 | 823,669 | 97,214 | 551,350 |

During 2007, the average deposit interest rate was 3.92%.

20. Share Capital – Share premium

On 31 December 2006, the Company's paid in share capital amounted to EURO 156,833 divided in 333,688,110 registered shares with nominal value of EURO 0.47 (in absolute amount) each.

Following the decision of the Company's Board of Directors, dated 22 December 2006, the Company's share capital was increased in cash through the issue of 1,094,090 common registered shares, due to the exercise of stock options rights, according to the art 13 par 13 of CL 2190/1920.

Therefore, following the full payment and verifications of the above mentioned increase that took place on January 2007, the Company's total paid in share capital as of December 31, 2007 amounted to EURO 157,348 divided into 334,782,200 nominal shares with nominal value of EURO 0.47 (absolute amount) each.

Share premium reserve increased by EURO 11,635 due to exercise of stock option rights and EURO 3,262 due to provision concerning stock option plan.

21. Legal Reserve

Under Greek corporate law, the corporations are required to transfer a minimum five percent of their annual net profit to a legal reserve that can be used only in order offset accumulated losses. The transfer of legal reserve ceases to be compulsory as soon as the balance of legal reserve amounts to 1/3 of the

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issued share capital. On 31 December 2007 and 2006 the Company's legal reserve exceeded to 1/3 of the issued Share Capital.

22. Dividends

In accordance with Greek corporate law, companies are required each year to declare from profits, dividends of at least 35% of profit after taxes, after allowing for legal reserve.

Pursuant to a relevant decision of the 10th Annual General Assembly of Shareholders, which took place on 8 June 2007, the total amount of EURO 244,391 (EURO 0.73 per share, in EURO) was distributed as dividend for the fiscal year 2006.

The Board of Directors of the Company decided on 17 March 2008 to propose to the 11th Annual General Assembly of Shareholders the distribution of dividend for the fiscal year 2007 of the total amount of EURO 245,249 (EURO 0.73 per share in EURO).

23. Retained Earnings

Retained earnings include subsidiary's special tax reserves of EURO 151,719, which according to the Greek tax regulations, may be distributed as a dividend, based on the decision of the subsidiary's General Shareholders' Meeting and their distribution shall be charged with income taxes based on the enacted at the time of distribution.

24 Interest bearing loans

Interest bearing loans are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Long term debt | | | | |
| Unsecured bank loans | - | 54,739 | - | - |
| Unsecured loans from related companies | 62,200 | 252,200 | - | - |
| Unsecured bond issues from related companies | 2,476,913 | 2,472,477 | 2,476,913 | 2,472,477 |
| Loans from related companies | - | - | 49,700 | 49,700 |
| Total | <u>2,539,113</u> | <u>2,779,416</u> | <u>2,526,613</u> | <u>2,522,177</u> |
| Short term debt | | | | |
| Short term portion of unsecured loans | | | | |
| from related companies | 215,000 | 5,000 | - | - |
| Unsecured bank loans | 2,008 | 22,637 | - | - |
| Unsecured bond issues from related companies | - | 449,000 | - | 449,000 |
| Total | <u>217,008</u> | <u>476,637</u> | <u>-</u> | <u>449,000</u> |
| Total loans | <u>2,756,121</u> | <u>3,256,053</u> | <u>2,526,613</u> | <u>2,971,177</u> |

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Group's loans, per category of loan, as of 31 December 2007 is as follows:

| Company | Lender | Currency | Nominal interest rate | Repayment year | 31/12/2007 | | | | 31/12/2006 | | | |
|---|-------------------|----------|-------------------------------|----------------|------------------|-----------------|------------------|----------------|--------------------|------------------|-----------------|------------------|
| | | | | | Nominal value | Loans' expenses | Book value | New loans | Repayment of loans | Nominal value | Loans' expenses | Book value |
| GLOBAL | Bank Austria | EURO | Fluctuated Euribor + 1.25% | 10/5/2008 | 50,000 | - | 50,000 | - | (5,000) | 55,000 | - | 55,000 |
| GLOBAL | Bank Austria | EURO | Ibor + 1.25% | 12/5/2008 | - | - | - | - | (4,741) | 4,741 | - | 4,741 |
| GLOBAL | OTE Plc | EURO | 5.52% fixed | 10/10/2008 | 160,000 | - | 160,000 | - | (20,000) | 180,000 | - | 180,000 |
| GLOBAL | COSMOTE | EURO | Euribor + 0.5% | 10/10/2008 | 40,000 | - | 40,000 | 20,000 | - | 20,000 | - | 20,000 |
| Total of loans GLOBAL | | | | | 250,000 | - | 250,000 | 20,000 | (29,741) | 259,741 | - | 259,741 |
| COSMOFON | OTE | EURO | 6.50% fixed | 22/10/2010 | 17,000 | - | 17,000 | - | (5,000) | 22,000 | - | 22,000 |
| COSMOFON | OTE | EURO | 6.50% fixed | 25/4/2012 | 34,200 | - | 34,200 | - | - | 34,200 | - | 34,200 |
| COSMOFON | COSMOTE | EURO | Euribor + 0.5% | 3/8/2012 | 9,000 | - | 9,000 | 9,000 | - | - | - | - |
| Total of loans COSMOFON | | | | | 60,200 | - | 60,200 | 9,000 | (5,000) | 56,200 | - | 56,200 |
| COSMOTE ROMANIA | OTE International | EURO | Euribor + 0.4% | 7/7/2010 | 16,000 | - | 16,000 | - | - | 16,000 | - | 16,000 |
| COSMOTE ROMANIA | COSMOTE | EURO | Euribor + 0.5% | 7/2/2011 | 160,000 | - | 160,000 | - | - | 160,000 | - | 160,000 |
| COSMOTE ROMANIA | COSMOTE | EURO | Euribor + 0.5% | 16/2/2012 | 140,000 | - | 140,000 | 140,000 | - | - | - | - |
| COSMOTE ROMANIA | COSMOTE | EURO | Euribor + 0.6% | 26/10/2008 | 60,000 | - | 60,000 | 60,000 | - | - | - | - |
| Total of loans COSMOTE ROMANIA | | | | | 376,000 | - | 376,000 | 200,000 | - | 176,000 | - | 176,000 |
| OTE MTS HOLDING BV | COSMOTE | EURO | Euribor + 0.5% | 31/12/2007 | 150 | - | 150 | - | - | 150 | - | 150 |
| Total of loans OTE MTS | | | | | 150 | - | 150 | - | - | 150 | - | 150 |
| COSMOTE | AMC | EURO | Euribor + 0.30% | 30/12/2012 | 40,000 | - | 40,000 | - | - | 40,000 | - | 40,000 |
| COSMOTE | AMC | EURO | Euribor + 0.30% | 30/11/2012 | 9,700 | - | 9,700 | - | - | 9,700 | - | 9,700 |
| COSMOTE | OTE Plc | EURO | Euribor + 0.235% | 6/9/2010 | 500,000 | (648) | 499,352 | - | - | 500,000 | (883) | 499,117 |
| COSMOTE | OTE Plc | EURO | 3.8% fixed | 9/11/2011 | 500,000 | (11,621) | 488,379 | - | - | 500,000 | (14,360) | 485,640 |
| COSMOTE | OTE Plc | EURO | 4.6% fixed | 19/5/2016 | 900,000 | (9,545) | 890,455 | - | - | 900,000 | (10,490) | 889,510 |
| COSMOTE | OTE Plc | EURO | Euribor + 0.30% | 20/11/2009 | 600,000 | (1,273) | 598,727 | - | - | 600,000 | (1,790) | 598,210 |
| Total of long term loans COSMOTE | | | | | 2,549,700 | (23,087) | 2,526,613 | - | - | 2,549,700 | (27,523) | 2,522,177 |

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| Company | Lender | Currency | Nominal interest rate | Repayment year | 31/12/2007 | | | | | 31/12/2006 | | |
|--|-------------------|----------|------------------------|----------------|------------------|-----------------|--------------------|----------------|--------------------|------------------|-----------------|------------------|
| | | | | | Nominal value | Loans' expenses | Book value | New loans | Repayment of loans | Nominal value | Loans' expenses | Book value |
| COSMOTE | OTE Plc | EURO | Euribor + 0.30% | 7/2/2007 | - | - | - | - | (289,000) | 289,000 | - | 289,000 |
| COSMOTE | OTE Plc | EURO | Euribor + 0.30% | 7/2/2007 | - | - | - | - | (160,000) | 160,000 | - | 160,000 |
| Total of short term loans COSMOTE | | | | | - | - | - | - | (449,000) | 449,000 | - | 449,000 |
| GTR | Citibank Romania | EURO | Euribor + 1.5% | 25/5/2007 | - | - | - | - | (3,608) | 3,608 | - | 3,608 |
| GTR | Romania | EURO | Euribor + 1% | 25/5/2007 | - | - | - | - | (5,140) | 5,140 | - | 5,140 |
| GTR | Romania | EURO | Euribor + 1.25% | 15/2/2007 | - | - | - | - | (1,089) | 1,089 | - | 1,089 |
| GTR | Alpha Bank | EURO | Euribor + 1.15% | 14/7/2007 | - | - | - | - | (1,985) | 1,985 | - | 1,985 |
| GTR | EFG Private Lux | EURO | Euribor + 0.95% | 31/1/2007 | - | - | - | - | (2,985) | 2,985 | - | 2,985 |
| GTR | GERMANOS | EURO | Euribor + 0.2% | 30/1/2010 | 20,000 | - | 20,000 | 20,000 | - | - | - | - |
| GTR | GERMANOS | EURO | Euribor + 0.65% | 29/11/2010 | 5,000 | - | 5,000 | 5,000 | - | - | - | - |
| Total of loans GTR | | | | | 25,000 | - | 25,000 | 25,000 | (14,807) | 14,807 | - | 14,807 |
| GTS | Alpha Bank Skopje | Denars | 8.00% | 23/3/2007 | - | - | - | - | (226) | 226 | - | 226 |
| GTS | Stopanska Bank | Denars | treasure bills + 2.25% | 31/1/2007 | - | - | - | - | (294) | 294 | - | 294 |
| GTS | GERMANOS | EURO | Euribor + 1.4% | 29/11/2010 | 2,000 | - | 2,000 | 2,000 | - | - | - | - |
| Total of loans GTS | | | | | 2,000 | - | 2,000 | 2,000 | (520) | 520 | - | 520 |
| GTB | Citibank Sofia | Leva | Sofibor + 1.5% | 31/8/2007 | - | - | - | - | (544) | 544 | - | 544 |
| GTB | GERMANOS | EURO | Euribor + 0.9% | 19/6/2010 | 6,000 | - | 6,000 | 6,000 | - | - | - | - |
| Total of loans GTB | | | | | 6,000 | - | 6,000 | 6,000 | (544) | 544 | - | 544 |
| FILIALA | Romania | EURO | Euribor + 1% | 25/5/2007 | - | - | - | - | (4,114) | 4,114 | - | 4,114 |
| FILIALA | GERMANOS | EURO | Euribor + 0.2% | 30/1/2010 | 1,500 | - | 1,500 | 1,500 | - | - | - | - |
| Total of loansv FILIALA | | | | | 1,500 | - | 1,500 | 1,500 | (4,114) | 4,114 | - | 4,114 |
| E-Value | EFG Eurobank | EURO | Euribor + 0.55% | 14/8/2008 | 2,008 | - | 2,008 | - | (642) | 2,650 | - | 2,650 |
| Total of loans E-VALUE | | | | | 2,008 | - | 2,008 | - | (642) | 2,650 | - | 2,650 |
| Total | | | | | 3,272,558 | (23,087) | 3,249,471 | 263,500 | (504,368) | 3,513,426 | (27,523) | 3,485,903 |
| Elimination of intercompany loansv | | | | | (493,350) | - | (493,350) | (263,500) | - | (229,850) | - | (229,850) |
| Total of loans | | | | | 2,279,208 | (23,087) | (2,756,121) | - | (504,368) | 3,283,576 | (27,523) | 3,256,053 |

*long term loan converted to short term

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The analysis of Group's borrowing per category as at 31 December 2007 is as follows:

| Company | Lender | Currency | Nominal interest rate | Repayment year | Balance 31/12/2007 | New loans | Repayment of loans | Balance 31/12/2006 |
|------------------|---------|----------|-----------------------|----------------|--------------------|----------------|--------------------|--------------------|
| COSMOTE ROMANIA | COSMOTE | EURO | Euribor + 0.5% | 7/2/2011 | 160,000 | - | - | 160,000 |
| COSMOTE ROMANIA | COSMOTE | EURO | Euribor + 0.5% | 16/2/2012 | 140,000 | 140,000 | - | - |
| COSMOTE ROMANIA | COSMOTE | EURO | Euribor + 0.6% | 26/10/2008 (A) | 60,000 | 60,000 | - | - |
| GLOBUL | COSMOTE | EURO | Euribor + 0.5% | 10/10/2008 | 40,000 | 20,000 | - | 20,000 |
| COSMOFON OTE MTS | COSMOTE | EURO | Euribor + 0.5% | 3/8/2012 | 9,000 | 9,000 | - | - |
| HOLDING BV | COSMOTE | EURO | Euribor + 0.5% | 31/12/2007 | 150 | - | - | 150 |
| | | | | | 409,150 | 229,000 | - | 180,150 |

(A) The Company has no intention of demanding the loans' repayment by COSMOTE ROMANIA. That is why the exchange differences arising on the specific loans (EURO 24,462) that had been recognized in Income Statement in the individual financial statements of COSMOTE ROMANIA, in the Consolidated Financial Statements were recognized initially in Translation reserve of Equity.

25. Staff Retirement Indemnities

In accordance with the Greek labor law, employees are entitled to compensation in the event of dismissal or retirement, the amount of which varies based on the employee's monthly salary, the duration of his service and the way of termination of his employment agreement (dismissed or retired). Employees who resign or are dismissed with cause are not entitled to compensation. The amount payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause.

Furthermore, following a relevant resolution of the Company's Board of Directors, the Company shall pay to the Deputy Managing Director compensation equal to at least one (1) annual salary, in case of termination of his employment agreement not due to employee's default or in case of non renewal of the employment agreement. In case the amount of the above-mentioned contractual compensation is less than the total amount of salaries, with any relevant increment included, that the employee will be entitled until the expiration of his employment agreement, then the Company shall pay to him simultaneously with the termination of his employment agreement that additional amount.

In addition, according to a relevant decision of the General Meeting of the Company's shareholders: a) in case of termination of the employment agreement of the General Directors or the Legal Counsel's of the Company on behalf of the Company on the ground not due to employee's default, the Company shall pay to them compensation equal to at least one (1) annual salary. In case that the compensation provided by law exceeds the aforesaid compensation of one year salaries, the Company shall pay to them this higher compensation, and b) in case of termination of the employment agreement of the Directors on behalf of the Company on the ground not due to employee's default, the Company shall pay to them compensation equal to at least 6 months salary. In case that the compensation provided by law exceeds the above compensation of 6 months salaries, the Company shall pay to them this higher compensation. The Managing Director of the Company, has the right, at his discretion, to increase the minimum level of the above compensation of 6 months to 12 months on a case by case basis.

The reserve for Staff Retirement Indemnities is reflected in the attached financial statements according to IAS 19 and is based on an independent actuarial study.

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Provision for staff retirement indemnities based on actuarial studies, is as follows:

| | THE GROUP | | THE COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| Present value of obligations | 6,231 | 5,649 | 5,526 | 5,283 |
| Fair Value of plan Assets | - | - | - | - |
| | 6,231 | 5,649 | 5,526 | 5,283 |
| Unrecognized net Gain/(Loss) | (282) | (1,052) | (296) | (1,048) |
| Net Liability/(Asset) in BS | 5,949 | 4,597 | 5,230 | 4,235 |
| Service Cost | 1,394 | 1,244 | 1,002 | 1,161 |
| Interest Cost | 250 | 237 | 232 | 210 |
| Effect of termination benefit | 4,052 | (1,141) | 3,690 | (1,141) |
| Amortization of Unrecognized Net (Gain)/Loss | 20 | 457 | 20 | 27 |
| Regural P&L Charge | 5,716 | 797 | 4,944 | 257 |
| Settlement/Curtailment/Termination Cost | - | - | - | - |
| Total P&L Charge | 5,716 | 797 | 4,944 | 257 |
| Movements in Net Liability/(Asset) in BS | | | | |
| Net Liability/(Asset) in BS at the beginning of the period | 4,597 | 4,051 | 4,235 | 4,019 |
| Benefits paid directly from the Company | (4,364) | (251) | (3,949) | (41) |
| Total expense recognized in the income statement | 5,716 | 797 | 4,944 | 257 |
| Net Liability/(Asset) in BS | 5,949 | 4,597 | 5,230 | 4,235 |
| DBO at start of period | 5,649 | 5,262 | 5,283 | 5,262 |
| Service cost | 1,394 | 1,244 | 1,002 | 1,161 |
| Interest cost | 250 | 237 | 232 | 210 |
| Benefits paid directly from the Company | (4,364) | (251) | (3,949) | (41) |
| Effect of termination benefit | 4,052 | (1,141) | 3,690 | (1,141) |
| Extra Payments or Expenses / (Income) | - | - | - | - |
| Actuarial Loss/(Gain) | (750) | 298 | (732) | (168) |
| DBO at the end of period | 6,231 | 5,649 | 5,526 | 5,283 |
| Assumptions: | | | | |
| Discount Rate | 5.00% | 4.40% | 5.00% | 4.40% |
| Rate of compensation increase | 4.00% | 4.50% | 4.50% | 4.50% |
| Average future working life | 14.28 | 26.35 | 25.74 | 26.35 |

The estimated contribution of the Group and the Company that is expected to be paid in 2008 regarding defined benefit plans amount to EURO 1,163 and EURO 1,099, respectively.

26. Other long-term liabilities

Other long-term liabilities are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|--|----------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| Interest of MICROSTAR LTD (pl. see Note 12) | 153,354 | - | - | - |
| Asset retirement obligation | 5,497 | 5,019 | 3,872 | 3,409 |
| Other | 1,946 | 1,745 | - | - |
| | 160,797 | 6,764 | 3,872 | 3,409 |

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27. Management Stock Option Plan

The Company has established a Management Stock Option Plan (the “Plan”) for the purchase of Company shares to discounted price. The Plan was approved by resolution of the General Meetings held on 31 July 2000 and 6 September 2000 and amended by resolutions of the General Meetings held on 12 June 2001, 21 February 2002, on 27 January 2006 and on 28 February 2007. The Plan allowed that the Board of Directors would grant options to participants every year, which gradually (40% upon the completion of a year of the grant, 30% upon the completion of the second year and 30% upon the completion of the third year) would be converted to final options for the acquisition of ordinary shares with an aggregate value of, at maximum, 1-5 times their respective annual gross salaries, depending on the position’s level and the company of COSMOTE Group for which the participants work, provided that the participants continue to work efficiently for the Company and the Group (Basic Options). Further grants of options may be made by the Board of Directors to already participants each year for the acquisition of ordinary shares with an aggregate value of, at maximum, 0.75 of their annual gross salary - 1 annual gross salary (Additional Options). The Basic Options granted to the Chairman of the Company vest in full after one year. Additional Options of all participants vest after three years.

Basic Options, once vested, can be exercised in whole or in part until the fourth year from their grant, while the Additional Options, once vested, can be exercised in whole or in part during their maturity year or the year after. Share options expire if the beneficiary leaves the company or is fired before the options vest, irrespective of their exercise date. In case the annual performance appraisal of a participant for the year of grant of Basic or Additional Stock Option Rights (2007 and on) is evaluated lower than the level “fully meets the requirements of the position”, then the participant will lose the rights granted to him during the year of his evaluation.

The total number of the Company’ shares, which may be acquired under this Plan or under any other ongoing plan for a five-year period on a rotation basis, cannot exceed 5% of the Company’ total number of shares at the beginning of the aforesaid five-year period, and, in any case, the maximum number of shares, which may be issued if the participants exercise their options, cannot exceed 10% of the number of shares existing at the time of the approval of the Plan

On 1 January 2005 the Company applied IFRS 2 «Share – based payment». According to the transitional regulations, this standard is eligible for the stock options that have been granted to the employees subsequent to 7 November 2002 and have not matured until 1 January 2005.

The Company evaluates the issued shares in their fair value at the deliverance date.

Fair value is recognized in the Income Statement uniformly during the period of insuring of the employee’s right.

Fair value has been calculated based on the Black Scholes model. The significant data input in this model is the stock price, the exercise price, the dividend yield, the discount rate and the volatility of the stock price.

Volatility (standard deviation of the stock’s price) is calculated based on statistical analysis of the daily stock’s price for the last 12 months.

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The following table provides information regarding the Stock Option plan.

| | 2007 | | 2006 | |
|---|---------------------------------------|--|---------------------------------------|--|
| | Stock option (number of stocks) | Weighted average exercise price in EURO | Stock option (number of stocks) | Weighted average exercise price in EURO |
| Non granted shares at the beginning of the year | 2,987,450 | 16.30 | 3,151,820 | 13.48 |
| Granted shares during the year | 2,011,220 | 18.45 | 1,079,580 | 18.84 |
| Forfeited during the year | (662,450) | 15.87 | (149,860) | 13.15 |
| Exercised during the year | (1,175,100) | 14.37 | (1,094,090) | 11.10 |
| Lapsed during the year | 3,161,120 | 17.38 | 2,987,450 | 16.30 |
| Exercise at the end of the year | 3,966 | 16.01 | 869,069 | 14.46 |

Data input for the mathematical evaluation model is as follows:

| | 2007 | 2006 |
|---|---------|---------|
| Weighted average stock price | 23.00 | 19.03 |
| Weighted average exercise price | 19.59 | 18.84 |
| Expected volatility | 24.27% | 24.79% |
| Expected period of exercising the right | 3 years | 3 years |
| Risk free interest rate | 3.98% | 3.97% |
| Stock' s yield | 3.16% | 3.37% |

The expected volatility has been calculated with the standard deviation of the Company's stock during the respective year.

28. Trade Payables

Trade payables includes balances payable to the dealers, fixed assets suppliers, roaming and other suppliers.

| | THE GROUP | | THE COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Fixed asset suppliers | 172,367 | 168,480 | 47,427 | 56,760 |
| Due to International Operators (roaming) | 25,419 | 25,125 | 10,671 | 16,327 |
| Accrued expenses | 44,877 | 11,594 | 31,968 | 8,756 |
| Dealers – Inventory suppliers | 95,454 | 104,873 | 9,983 | 14,541 |
| Other | 79,994 | 63,762 | 31,723 | 30,024 |
| | 418,111 | 373,834 | 131,772 | 126,408 |

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29. Other current liabilities

Other current liabilities are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|-------------------------|------------------|----------------|--------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Taxes other than income | 36,306 | 35,080 | 28,991 | 27,253 |
| Deferred revenues | 61,617 | 46,098 | 33,438 | 25,775 |
| Customers' guarantees | 6,711 | 6,418 | 3,242 | 3,261 |
| Social Security | 8,992 | 7,658 | 5,767 | 5,150 |
| Dividends payable | 744 | 1,571 | 603 | 1,042 |
| Other liabilities | 15,340 | 12,783 | 3,396 | 5,045 |
| | 129,710 | 109,608 | 75,437 | 67,526 |

30. Subsequent Events

30.1 Share Capital increase

The Board of Directors decided the increase of the capital by EURO 552 in cash and simultaneously issuing 1,175,100 new registered shares with a nominal value of EURO 0.47 (absolute amount) per share, due to the exercise of stock option rights according to par. 13 art. 13 of C.L. 2190/1920. The full payment and verification of the share capital's increase took place on January 2008. The share premium arising from the issued shares amounted to EURO 16,345. Following this increase, the paid in share capital amounts to EURO 157,900, divided in 335,957,300 registered shares with a nominal value of EURO 0.47 (absolute amount) each.

30.2 Submission by OTE of a Public Tender for the totality of COSMOTE' s shares - OTE' s request to HCMC for exercising the squeeze out right

Following OTE's voluntary public tender, dated 9 November 2007, for the totality of COSMOTE's shares, namely 108,870,359 - the acceptance period of which began on 04 December 2007 and ended on 29 January 2008 - OTE acquired 27,503,293 shares of the Company which represent 8.187% of the total paid in share capital and voting rights of the Company. In addition, during the period from the announcement of the public tender until the end of the acceptance period, OTE acquired through transactions on the ATHEX 76,638,257 shares of the Company, as well. Following this, on 31 January 2008 OTE holds 98.592% of the total paid in share capital and voting rights of the Company.

On February 2008, OTE submitted to the Hellenic Capital Market Commission (HCMC) a request, in accordance to article 27 of L.3461/2006, for exercising the right to transfer to it of all remaining shares of the Company at a price per share equal to the tender offer price, namely EURO 26.25 (in absolute figure) per share, in cash (Squeeze Out Right). HCMC approved OTE's request with its decision no 466/07.03.2008. It is noted that OTE assumes the payment of the clearance duties levied in favour of HELEX for the off-exchange transfer of the shares, which otherwise, according to the legislation in force, would burden COSMOTE's shareholders.

On 11 March 2008, OTE holds 332,618,797 shares of the Company which represent 99.006% of its total paid in share capital.

It is also noted that the remaining shareholders of the Company are entitled, in accordance to article 28 of L.3461/2006, to sell their shares to OTE at the price of EURO 26.25 (in absolute figure) per share.

Following the completion of the exercise of the Squeeze out Right, OTE intends to begin the procedure for the delisting of the Company's shares from ATHEX. Similarly, OTE shall seek the delisting of the GDRs from the LSE.

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30.3 Sale by GERMANOS S.A. its participation in the Cypriot company “OTENET CYPRUS LTD”

On February 2008, GERMANOS S.A - a Company's 90% subsidiary through its 90% subsidiary COSMOHOLDING CYPRUS LTD - agreed to transfer to the Cypriot company CYPRUS TRADING CORPORATION PLC the totality of GERMANOS S.A. shares in the Cypriot company OTENET CYPRUS LTD, which represent 20% of its capital, at the total price of Cypriot Pounds 408,895. The agreement is subject to the approval by the competent authorities.

30.4. Extension of a loan to COSMOTE ROMANIA

On 30 January 2008 a loan agreement was signed between COSMOTE and its subsidiary COSMOTE ROMANIA for the extension to the latter of a loan up to the amount of EURO 40,000 with a duration of three months from disbursement.

30.5. Increase of COSMOTE ROMANIA' s share capital

The Board of Directors of COSMOTE ROMANIA decided during its session of 27 February 2008 to recommend to the General Meeting of Shareholders the increase of the company's share capital for the equivalent in RON of EURO 125,000, which shall be subscribed at a percentage of 70% (EURO 87,500) by COSMOTE and at a percentage of 30% (EURO 37,500) by the other shareholder of COSMOTE ROMANIA (ROMTELECOM), in parallel with the writing-off of the losses up to and including year 2006.

30.6. Decrease of share premium reserve of COSMOHOLDING CYPRUS LTD

On 9 January 2008 the competent Court of Limassol, approved the decision of the General Meeting of Shareholders of COSMOHOLDING CYPRUS LTD dated 22 October 2007, to decrease the share premium reserve of Class A shares of said company by EURO 136,888. This amount has been repaid on 18 January 2008 to COSMOTE, being the only shareholder entitled thereto.

30.7 Merger of GERMANOS TELECOM ROMANIA S.A. and TELSIM GSM SRL

The General Meetings of Shareholders of GERMANOS TELECOM ROMANIA S.A and TELSIM GSM SRL have decided during their sessions dated 28 & 29 February 2008 respectively, to launch the procedure for the merger of TELSIM GSM SRL by its absorption from GERMANOS TELECOM ROMANIA S.A.

30.8. Granting of 3G License to COSMOFON

On 11 February 2008 COSMOFON was granted (following conduct of a tender) the only 3G license for a price of approximately EURO 10,000 and a duration of ten years.

30.9. Extension of a loan to COSMOFON

On 4 February 2008 a loan agreement was signed between COSMOTE and its subsidiary COSMOFON for the extension to the latter of a loan up to the amount of EURO 10,000 with a duration until 8 February 2009.

31. Commitments and contingent liabilities

The most significant Company's commitments, at 31 December 2007 have as follows:

30.1 Telecommunication Licenses

The Company and the subsidiaries, that provide telecommunication services, hold General and Special Telecommunication Licenses which have been issued by the relevant National Telecommunication National Regulatory Authorities or have been granted by governmental organizations of the countries where the companies act. These Telecommunication Licenses are of a specific duration and include specific terms of use, and also obligations of coverage and of quality of services provided, concerning the holder. The Company and its subsidiaries comply fully with these terms and obligations. Finally, the Telecommunication Licenses' terms are inclusive of specific limitations, concerning the transfer or surrender of the Telecommunication Licenses and, because of this, prior approvals of the competent authorities are necessary in order the relevant actions to take place.

30.2 Capital commitments

Group's Capital commitments are analyzed as follows:

| Capital commitments | Within a year | 2-5 years | Over 5 years | Total |
|----------------------------|----------------------|------------------|---------------------|---------------|
| Purchase of fixed assets | 18,558 | - | - | 18,558 |
| Sites rentals | 953 | 3,290 | 2,982 | 7,225 |
| Retail shops rentals | - | 20,934 | - | 20,934 |
| Rents for buildings | 6,025 | 15,625 | 14,277 | 35,927 |
| Other | 4,201 | 355 | - | 4,556 |
| | 29,737 | 40,204 | 17,259 | 87,200 |

30.3 Letters of guarantees

Letters of guarantees of the Group are analyzed as follows:

| Letters of guarantees | Long term | Short term | Total |
|------------------------------|------------------|-------------------|---------------|
| Good execution | 9,497 | 159 | 9,656 |
| Participation | 267 | 51 | 318 |
| Shops' leasing | 248 | 106 | 354 |
| Loan agreement | 2 | - | 2 |
| Payments | 3,005 | - | 3,005 |
| | 13,019 | 316 | 13,335 |

32. Financial Instruments

General

The Group is exposed in the following risks, related to Financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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32.1 Credit risk

Credit risk is the risk of financial loss of the Group in case a customer or counterparty to a financial instrument fails to meet its contractual obligations and derives mainly from trade receivables and securities.

The maximum credit risk that the Group and the Company are exposed is analyzed as follows

| | Balance Sheet | | | |
|--|----------------------|------------------|--------------------|----------------|
| | THE GROUP | | THE COMPANY | |
| | 2007 | 2006 | 2007 | 2006 |
| Financial assets available for sale | 1,706 | 852 | 1,706 | 852 |
| Financial assets in fair value (through profit and loss) | 6,496 | 66,968 | - | - |
| Trade and other receivables | 425,436 | 410,584 | 620,582 | 349,963 |
| Cash and cash equivalent | 442,085 | 823,669 | 97,214 | 551,350 |
| Derivatives | 3,697 | 28,135 | 3,697 | 28,135 |
| Total | 879,420 | 1,330,208 | 723,199 | 930,300 |

The exposure of the Group and the Company to credit risk is mainly influenced by the particular characteristics of each customer. The demographic elements of clientele Group, including the risk of breach of payments that characterizes the particular market and the country in which the customers operate, influence less the credit risk. There are not any important revenues that derive by a separate client of the Group. Furthermore, there is a major diversification of customers, therefore no concentration of credit risk is detected.

The ageing analysis of receivables in Group and the Company is presented below:

| Trade receivables and loans to subsidiaries | THE GROUP | | THE COMPANY | |
|--|------------------|----------------|--------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Not past due loans to subsidiaries | - | - | 369,000 | 160,000 |
| Not past due loans and past due 1 month | 249,036 | 242,096 | 168,489 | 109,085 |
| Past due 1 to 3 months | 115,518 | 110,341 | 42,474 | 42,102 |
| From 3 months to 1 year | 45,379 | 42,385 | 28,162 | 26,844 |
| Over 1 year | 15,503 | 15,762 | 12,457 | 11,932 |
| Total | 425,436 | 410,584 | 620,582 | 349,963 |

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32.2 Liquidity risk

The Group and the Company retain sufficient funds to cover and pay off their obligations on time.

Liquidity of financial liabilities is analyzed as follows for Group and Company:

THE GROUP**31 December 2007**

| Financial liabilities | Balance Sheet | Up to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years |
|------------------------------|----------------------|----------------------|----------------------|---------------------------|---------------------|
| Loans | 2,756,121 | - | - | 217,008 | 2,539,113 |
| Trade payables | 336,561 | 121,905 | 154,690 | 59,966 | - |
| Due to related parties | 50,193 | 43,392 | 2,490 | 4,311 | - |
| Checks payables | 36,673 | 8,464 | 26,709 | 1,500 | - |
| | 3,179,548 | 173,761 | 183,889 | 282,785 | 2,539,113 |

31 December 2006

| Financial liabilities | Balance Sheet | Up to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years |
|------------------------------|----------------------|----------------------|----------------------|---------------------------|---------------------|
| Loans | 3,256,053 | - | - | 476,637 | 2,779,416 |
| Trade payables | 319,174 | 166,262 | 104,356 | 48,556 | - |
| Due to related parties | 48,164 | 32,172 | 13,203 | 2,789 | - |
| Checks payables | 43,066 | 18,602 | 21,794 | 2,670 | - |
| | 3,666,457 | 217,036 | 139,353 | 530,652 | 2,779,416 |

THE COMPANY**31 December 2007**

| Financial liabilities | Balance Sheet | Up to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years |
|------------------------------|----------------------|----------------------|----------------------|---------------------------|---------------------|
| Loans | 2,526,613 | - | - | - | 2,526,613 |
| Trade payables | 99,804 | 85,938 | 13,866 | - | - |
| Due to related parties | 79,223 | 34,752 | 9,542 | 34,929 | - |
| | 2,705,640 | 120,690 | 23,408 | 34,929 | 2,526,613 |

31 December 2006

| Financial liabilities | Balance Sheet | Up to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years |
|------------------------------|----------------------|----------------------|----------------------|---------------------------|---------------------|
| Loans | 2,971,177 | - | - | 449,000 | 2,522,177 |
| Trade payables | 117,652 | 101,250 | 16,402 | - | - |
| Due to related parties | 53,344 | 24,518 | 5,452 | 23,374 | - |
| | 3,142,173 | 125,768 | 21,854 | 472,374 | 2,522,177 |

32.3 Market risk

Market risk refers to the risk of changes in market prices, like the exchange rates, interest rates and equity prices and the influence that they would have in the results of Group or the value of financial instruments owned by the Group. The purpose of market risk management is to control the exposure of the Group to these risks in the frame of acceptable parameters, while at the same time it optimises the output.

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32.3.1 Interest risk

Loans granted to the Company are as follows:

| | THE GROUP | | THE COMPANY | |
|---------------|------------------|------------------|--------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Fixed rate | 1,811,200 | 1,836,200 | 1,578,834 | 1,575,150 |
| Variable rate | 1,089,467 | 1,419,853 | 947,779 | 1,396,027 |
| Total | 2,900,667 | 3,256,053 | 2,526,613 | 2,971,177 |

An increase of interest rates by 1% would have decreased profit and equity as follows:

| | Income Statement | | Equity | |
|---------|-------------------------|-------------|---------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| Group | (10,193) | (6,613) | (10,193) | (6,613) |
| Company | (8,627) | (6,261) | (8,627) | (6,261) |

32.4. Currency risk

The Group's exposure in currency risk, is minor and specifically from roaming transactions (any increase of exchange rates in expenses is compensated partially by the corresponding increase in revenues).

The main currencies used by the Group are Euro, Romanian Ron and Albanian Lek.

| THE GROUP | 2007 | | | |
|-----------------------------|--------------------|----------------|---------------|--------------------|
| | EURO | LEK | RON | TOTAL |
| (Amounts in Euro) | | | | |
| Trade receivables | 354,220 | 49,225 | 21,991 | 425,436 |
| Borrowings | (2,756,121) | - | - | (2,756,121) |
| Trade and various creditors | (395,327) | (10,926) | (17,174) | (423,427) |
| Cash | 338,226 | 86,500 | 17,359 | 442,085 |
| Total risk | (2,459,002) | 124,799 | 22,176 | (2,312,027) |

| THE GROUP | 2006 | | | |
|-----------------------------|--------------------|---------------|---------------|--------------------|
| | EURO | LEK | RON | TOTAL |
| (Amounts in Euro) | | | | |
| Trade receivables | 347,348 | 52,637 | 10,599 | 410,584 |
| Borrowings | (3,256,053) | - | - | (3,256,053) |
| Trade and various creditors | (375,528) | (16,542) | (18,334) | (410,404) |
| Cash | 762,501 | 42,636 | 18,532 | 823,669 |
| Total risk | (2,521,732) | 78,731 | 10,797 | (2,432,204) |

All loans are in Euro.

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33. Litigation and claims

The most significant lawsuits and administrative disputes of COSMOTE and of its subsidiaries as of December 31, 2007 are analyzed as follows:

33.1 COSMOTE

The Company is a party to various lawsuits and administrative disputes the majority of which related to the operation of base stations. These disputes arose during its normal course of business. The most significant disputes have as follows:

33.1.1 NTPC has notified to COSMOTE the no. 13542/F391/12.05.05 Transaction of Hearing Procedure based on which, after the relevant demand of the Minister of Development, has called COSMOTE as well as WIND (former TIM) and VODAFONE on a hearing on 18 May 2005, to investigate whether the announced increases on tariffs for the SMS3 are contrary to the provisions of telecommunication law and law for the protection of free competition. The hearing has been held on 23 May 2005. A new hearing took place on November 3, 2005 due to the change of the members of NTPC. The NTPC issued the decision which imposed a fine of EURO 1,000 to each company (COSMOTE, WIND (former TIM) and VODAFONE) for concerted practice contrary to competition law. COSMOTE appealed to the Administrative Court of Appeals. The hearing was for 27 September 2006 but it was postponed for 16 May 2007. This hearing was also postponed for 17 October 2007 when it took place. The decision no. 27/2008 of the Administrative Court of Appeals was issued which accepted COSMOTE's appeal and annulled NTPC's decision, saying that the COMPANY has not proceeded to concerted practice contrary to competition law.

33.2. AMC

33.2.1. On 12 December 2005 the Albanian Competition Commission imposed a fine to AMC of approximately EURO 1,400 (1% of the company's turnover for 2004) on the ground 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 and opening of investigation procedure as well as of the decision imposing the fine, since the requested information had timely been dispatched to the Competition Authority. On 7 July 2006, the Tirana District Court rejected the requests of AMC and AMC presented an appeal regarding the decision imposing the fine. The Appeal Court has annulled the decision of the Tirana District Court and ordered that the case is examined again. AMC has also submitted recourse to the Supreme Court. .

32.2.2. The Albanian fixed telephony company ALBTELECOM owes AMC the amount EURO 32,903 for interconnection fees since January 2001 and transit of rural operators' traffic terminated by ALBTELECOM to AMC. ALBTELECOM also owes to AMC an amount of approx. EURO 7,200 due to discrepancies in measurements of interconnection fees. 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

³On 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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- 32.2.3** On 10 July 2005 the Regulatory Authority by its decision 377/4.7.2007 has recommended the modification of interconnection fees, mainly to the benefit of the Albanian fixed telephony company "ALBTELECOM". On 18 July 2007 AMC filed a complaint against the above mentioned Regulatory Authority's decision, which has been rejected. AMC has appealed before the Tirana District Court. The case is pending.
- 32.2.4** Furthermore, on 29 March 2007, and following a tax review of AMC, for the periods 2001 – June 2006, the Albanian tax authorities imposed to AMC a tax charge and penalties of approximately EURO 6,730. A further assessment of approximately EURO 1,050 is still pending. However, AMC has already filed complaints before the competent courts and authorities since the assessment seriously misapplies Albanian tax legislation and disregards the provisions of the Double Taxation Avoidance Treaty between Greece and Albania. The case is still pending. Eventual positive assessment of such additional tax is not expected to affect AMC's financial results, since its financial statement include adequate provisions.
- 32.2.5** On 9 November 2007 the Albanian Competition Authority imposed to AMC a fine amounting to approximately EURO 1,7 million (in absolute amount) for an alleged breach of the competition legislation during the period 2004-2005. AMC considers the Albanian Competition Authority's decision unfounded and has appeal before the Courts in order to protect its legal rights. The case is pending.

33.3. GERMANOS S.A.

The legal proceeds brought by GERMANOS S.A. against MOBITEL ELECTRONIC AND TELECOMMUNICATIONS SYSTEMS S.A. filed on 12 November 1996 under deposition number 9646/96 had been found initially as legally valid and definite as to its demands and after the Interlocutory decision 9739/21/11/97 of the Athens Multi-member Court of First Instance requiring witness testimonies. Already, after the completion of the witness testimonies, the case was to be heard on 16 October 2003 (after the initial hearing date was postponed) and following, after the cancellation of the above, the hearing took place on 5 February 2004.

It was deemed necessary by the Company's Management to waive the reconnaissance request of the above mentioned suit forfeiting the corresponding sum and to file a new suit against MOBITEL S.A., which was in fact brought before the Athens Multi-member Court of First Instance for the adjudication of a) GRD 1,340,572,713 or EURO 3,934 as "positive damage to us" and b) GRD 309,979,200 or EURO 910 as "future positive damage to us", payable in four installments on 30 June 2002 GRD 63,209,799 the first, on 30 June 2003 GRD 101,133,072 the second, on 30 June 2004 GRD 80,909,076 the third, and GRD 64,727,253 the fourth. The hearing date of this new suit was set for 16 October 2003 in order to be arranged at the same time with the hereinabove mentioned suit dated 12 November 1996, but at this hearing the dispute was cancelled.

Nevertheless, pertaining to the suit of 12 November 1996, on 5 July 2004 the Multi-member Court of First Instance of Athens issued the final decision under number 4558/2004, which obligates the defendant MOBITEL S.A. to disburse to GERMANOS S.A. the amount of EURO 134 legally submitted to interest from the attainment of the suit until its full disbursal. Moreover, the same decision recognizes that MOBITEL S.A. is obligated to disburse to GERMANOS S.A. on April 30th, July 31st, October 31st and January 31st of each year its commission from the percentage of 7% on the paid bills from the use of air-time beginning from July 1st 1996 and following, concerning all the connections of its clients with the STET

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HELLAS (already TIM) network that were activated and for the whole time period the activation is sustained.

MOBITEL S.A. filed an appeal against this decision, which was heard by the Athens Court of Appeal on 26 May 2005. The Decision No. 5329/2005 of the Athens Court of Appeal was issued, due to the self-exemption of a member of the Court, which also participated in the issuance of the first instance decision. The cash has not been re-called. It must be noted that the, until recently, attorneys of the case, Messieurs Economopoulos and Koulouris, have filed a suit under deposition number 151428/2003, which according to the Decision No. 142/30.5.2005 by the Athens Multi-member Court of First Instance has been accepted by a very small portion and specifically according to which GERMANOS S.A. is obligated to disburse to the plaintiff attorneys (Ch. Economopoulos and S. Koulouris), the amount of EURO 16 legally submitted to interest from 20 February 2002, as well as a percentage of 12% on the interest of the aforementioned amount (EURO 16) for claims included in their aforementioned suit, namely:

- a) the judicial recognition of the Company's violation of its liabilities based on the contracting order that has been granted to it,
- b) the obligation of the Company to render a statement of accounts,
- c) the payment, as a contracting exchange, of the amount of EURO 613
- d) payment of expense equal to 12% on every excess amount from the total amount of EURO 4,834+EURO 260

An appeal was filed by the aforementioned attorneys against the first instance decision, which was to be heard before the Athens Court of Appeal on 17 April 2007, but on that date the hearing was postponed. Finally the case was heard on 29 January 2008 and now the issuance of the Court of Appeals' decision is expected.

There are no disputed or liable to litigation differences of judicial or arbitration bodies that may have a significant effect on the Group's financial status or operation.

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